



# **Fairness in the Targeted Compliance Framework: when decisions are made beyond your control**

**An investigation into the remediation of income support cancellations and oversight of decisions made by employment service providers affecting job seekers in the Targeted Compliance Framework**

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# Overview

Income support is an essential payment for people looking for work, who need financial help to be able to pay for their everyday basic living needs. People who rely on income support also rely on the decisions made by others who determine whether they receive their payment. Good decision-making is critically important as an unfair or unreasonable decision can stop a person from receiving their income support.

The Targeted Compliance Framework (**TCF**) is an administrative framework by which job seekers receiving government income support are required to complete tasks such as agreeing to job plans, searching for jobs, and attending appointments and job interviews.

The Department of Employment and Workplace Relations (**DEWR**) administers the TCF and has delegated some of its functions and decision-making powers to Services Australia and to Employment Service Providers (**providers**) whose role is to help job seekers in the Workforce Australia program find work.

Our first report on the TCF, *Automation in the Targeted Compliance Framework when the law is changed but the system isn't* (**Report 1**) in August 2025, found DEWR and Services Australia unlawfully cancelled income support under the TCF between April 2022 and July 2024. Report 1 made recommendations to DEWR and Services Australia to establish a compensation scheme to remediate the affected job seekers, ensure future cancellation decisions under the TCF are aligned with law and policy, and are subject to ongoing testing and assurance to ensure they are lawful, fair and reasonable.

DEWR told us it had reviewed all payment cancellations under section 42AF(2)(d) of the *Social Security (Administration) Act 1999* (**SSA Act**) that impacted 964 people. As at 1 December, DEWR had made 651 recommendations for immediate compensation, with a combined total compensation of \$936,124.80. With the assistance of Services Australia, 604 people had been repaid a total of \$872,963.80. Of the people for whom DEWR did not recommend compensation, 54 people provided additional information to support a secondary review.

This report considered the appropriateness of DEWR's remediation approach, the decision-making processes that resulted in the section 42AF(2) cancellation decisions under the SSA Act and DEWR's oversight of providers.



We found DEWR's remediation approach to compensate the 964 job seekers not to be fair and reasonable, that generally the decision-making processes that resulted in the section 42AF(2) cancellation decisions were not fair and reasonable, and that DEWR's oversight of providers in monitoring and responding to inconsistent or inappropriate decision-making by providers is poor and lacks transparency.

While this investigation focused on the unlawful section 42AF(2) cancellation decisions, the Office is also aware of concerns regarding section 42AM cancellation decisions that may have impacted other job seekers.<sup>1</sup> The recommendations from Report 1 and this report should be considered when correcting the errors and providing remedies to any job seekers from the section 42AM cancellations and from other suites of errors within the system.

Stigmatisation of unsuccessful job seekers as people who are reluctant to accept employment may contribute to the limited oversight of providers and possible narrow administration of the program, despite the evidence telling us that the majority of the 652,300 current job seekers are in fact unlikely to find ongoing employment no matter how hard they try, given that current unemployment in Australia is close to the natural level of unemployment with respect to the inflation rate.<sup>2</sup>

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<sup>1</sup> [More than 300,000 Australians had Centrelink payments cancelled illegally, new analysis shows | Centrelink | The Guardian.](#)

<sup>2</sup> Refer to [Labour Force, Australia, October 2025 | Australian Bureau of Statistics](#) See also p.8 of Report 1 – [Automation in the Targeted Compliance Framework](#) with NAIRU at around 4.5% See ABS release of 16 Oct 2025 – current unemployment rate is trending at 4.3%, seasonal adjusted rate at 4.5%.



# What we found

The remediation strategy for the 964 job seekers affected by the unlawful cancellations made under section 42AF(2) of the SSA Act (**unlawful cancellation decisions**) is not fair and reasonable: it requires job seekers to undertake extensive efforts to retrieve historical information to support additional claims for compensation in circumstances where the agency was responsible for the error.

Clear and accessible information is crucial for job seekers who may want to raise concerns about their provider or seek review of decisions. Equally, it is important that guidance for agency decision-makers is clear and can be readily actioned. We found the information for job seekers to be vague and incoherent, while the information for agency decision-makers was unduly complex.

We could not be assured that DEWR maintains effective oversight of decisions made by providers, including through monitoring and responding to inconsistent or inappropriate decision-making by providers. When we considered this against the unlawful cancellations, it calls into question the fairness and reasonableness of decision-making that resulted in job seekers losing vital financial support.

## Our findings and recommendations

This second part of this investigation found:



- DEWR's approach to remediating the unlawful cancellation decisions is not fair or reasonable.
- Providers give insufficient information to Services Australia to conduct capability assessments and mutual obligation failure investigations of job seekers.
- Services Australia do not provide sufficient written explanation of penalty decisions to job seekers.
- DEWR and Services Australia's information for job seekers on how to seek a review or make a complaint lacks transparency, clarity and accessibility.
- A high rate of provider decisions are overturned.



- Automatic suspensions in the Penalty Zone undermine a job seeker’s ability to challenge penalties.
- DEWR’s assessment of provider performance lacks transparency.
- DEWR should continue to improve its oversight of providers, utilising their complaints mechanism.
- Compliance activities against providers do not appear to align to the high number of overturned rates of provider decisions.

On the basis of these findings, the Ombudsman makes the following recommendations and suggestion:



### **Recommendation 1**

(a) DEWR and Services Australia should ensure public information regarding the pause of any cancellation decisions made by the Secretary of DEWR is relevant, accurate and up to date.

(b) DEWR should ensure remediation is fair and reasonable by:

- (i) using clear and simple language to explain in the communication material to the affected person the decision that led to the administrative error, the process of remediation, the decision and the outcome
- (ii) considering the total impact an administrative error can cause on a job seeker which includes economic and non-economic losses
- (iii) ensuring all relevant and available information is considered
- (iv) inviting and assisting the affected person to provide more information on their losses prior to making a compensation decision.



### **Recommendation 2**

DEWR establish processes and provide guidance to providers to improve record keeping and ensure accurate and complete information about a job seeker’s circumstances (including relevant and historical information) is provided to Services Australia for capability assessments and mutual obligation failure investigations.



### **Recommendation 3**

Services Australia should update written correspondence to job seekers about penalty decisions using simple, clear language. Written correspondence should inform the job seeker about:

- (a) the reasons for the decision along with an explanation about what constitutes a failure to provide a reasonable excuse
- (b) why in the job seeker's particular case it was considered they did not meet the requirement
- (c) their rights of review or appeal
- (d) terms of a legal or unfamiliar nature so that the job seeker is best able to understand what these terms mean.



### **Recommendation 4**

DEWR and Services Australia review and update their information and communication to the public and job seekers about the review and complaints processes available to them. Materials should provide clear and transparent information and delineate the roles and responsibilities of the agencies involved.



### **Recommendation 5**

DEWR improve the decision-making of providers by:

- (a) Reviewing data on overturn rates of provider decision-making to develop targeted assurance activities to address inefficiencies and identify opportunities for improvement, whilst establishing feedback loops to ensure providers are receiving information on overturned decisions to further support learning and improvement.
- (b) Implementing further quality assurance by conducting regular reviews to identify and correct trends with individual providers as required.





### **Recommendation 6**

DEWR and Services Australia review the automatic process to suspend a job seeker's income support in the Penalty Zone, ideally to provide job seekers with 5 days to reconnect or provide a valid reason for any mutual obligation failure prior to suspension.



### **Recommendation 7**

(a) DEWR should not award 'moderate' ratings to providers for criteria where there is insufficient data but should instead document and publish these criteria as 'not assessed'.

(b) DEWR should publish meaningful and granular detail on ratings for each provider, including the reasons for the overall ratings and for the rating against each assessment module.



### **Recommendation 8**

DEWR should review and update its current oversight activities to ensure compliance and monitoring activities consider the new data and trends emerging from DEWR's new complaints mechanism, the risk data monitoring app and the high overturn rates of provider decisions, and to actively address poor provider performance.



### **Suggestion 1**

DEWR should continue to develop its complaints mechanism to identify trends to detect systemic issues and behavioural patterns of providers and create feedback loops into DEWR's oversight processes



## Lessons for all agencies



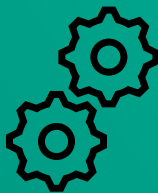
Base decisions on evidence.



When an error happens, take responsibility, apologise and act promptly to remediate.



Provide transparent, simple, timely and clear communication to people about actions and decisions that affect them.



Establish strong data analysis and reporting to support continuous improvement and good decision-making.



Establish clear policies and procedures to support fair and reasonable decision making.



Establish simple and accessible complaint and review pathways and clear and consistent guidance for complaint handlers.

## Who was impacted?

A loss of income is significant for a job seeker who is likely to have limited resources at their disposal. People needing income support are economically vulnerable and they may often have other vulnerabilities that also need special consideration. If a job seeker's payment is cancelled, they lose 4 weeks of income support, because there is a 4-week waiting period before payments can resume. They will also need to make a new application for payment in order for those payments to resume.

Of the 985 unlawful cancellation decisions affecting 964 job seekers between 8 April 2022 and 4 July 2024 (**affected job seekers**), First Nations People were disproportionately represented:

16%	Average number of First Nations People who accessed Workforce Australia Services between 1 October 2022 – 30 June 2024 <sup>3</sup>
46%	First Nations People who were identified to have had their payment unlawfully cancelled between 1 April 2022 – 4 July 2024

Further, 24% of affected job seekers had one or more of the following vulnerability indicators attributed to them:

- psychiatric problem or mental illness
- illness or injury requiring frequent treatment
- significant lack of literacy and language skills
- drug or alcohol dependency which impedes compliance
- recent traumatic relationship breakdown
- homelessness (beyond the control of the job seeker)
- cognitive or neurological impairment and
- significant caring responsibilities.

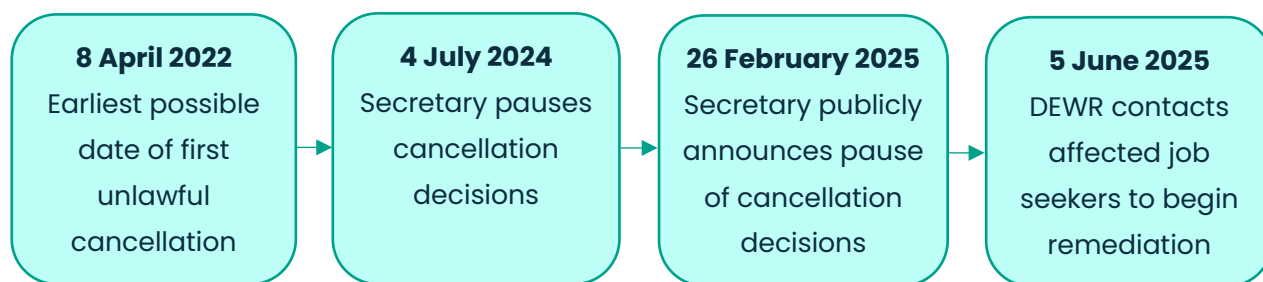
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<sup>3</sup> [Workforce Australia Caseload by Selected Cohorts – 30 September 2025 – The Australian Government, Department of Employment and Workplace Relations.](#)



# Part 1 – Remediating unlawful cancellation decisions

This section examines DEWR’s remediation of the unlawful cancellation decisions made under section 42AF(2) of the SSA Act (**unlawful cancellation decisions**). The following timeline helps visualise the order of events from the beginning of unlawful cancellation decisions to DEWR’s commencement of remediation.



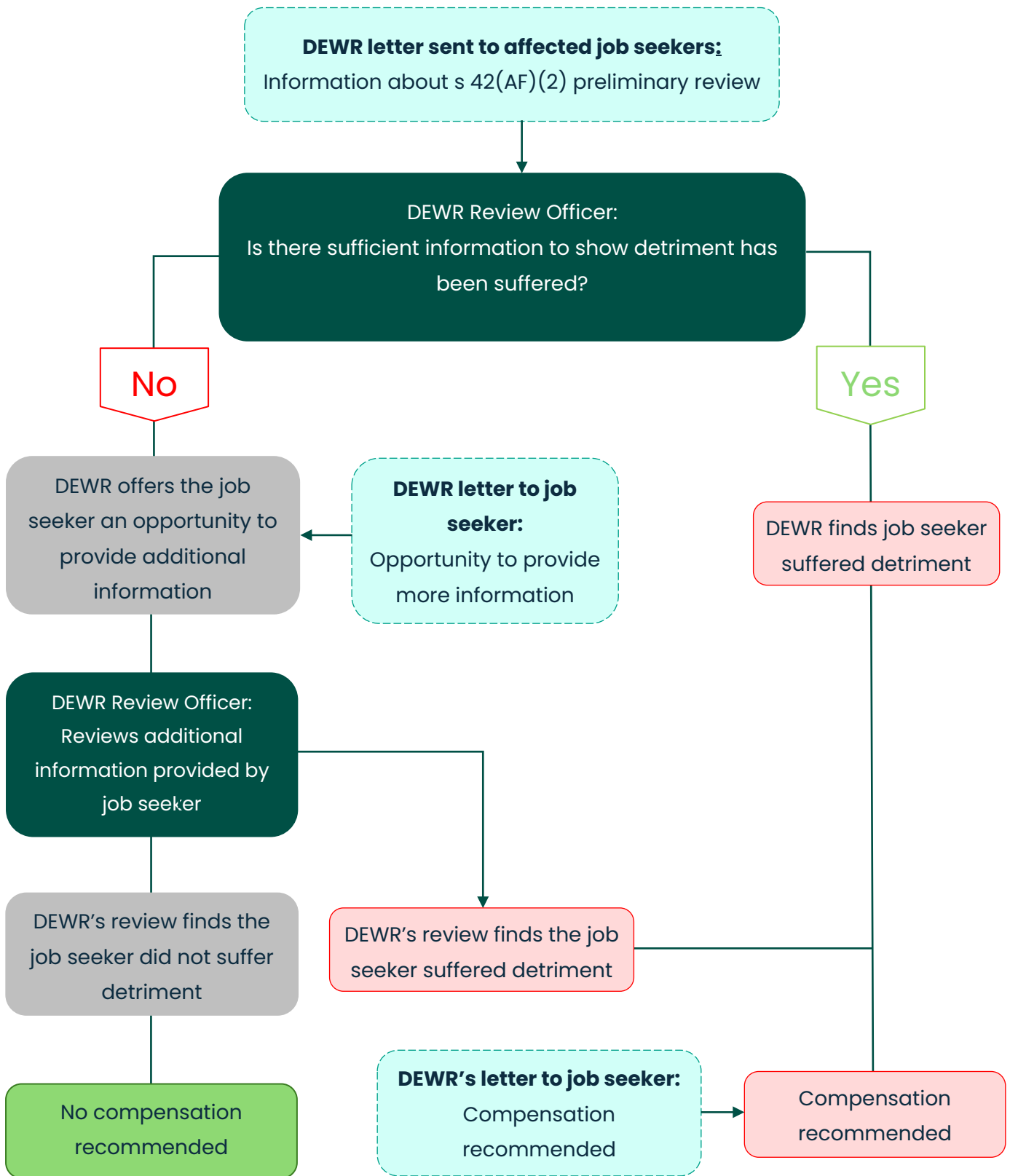
Our first report on the TCF recommended the Secretary of DEWR not resume cancellations until satisfied the identified unlawful cancellation decisions had been rectified and that policies, processes and systems were in place to ensure cancellations comply with the law. DEWR advised it has been and is continuing to pause the cancellations manually. Its quarterly public report ‘Job seeker compliance data’ confirms this.<sup>4</sup> DEWR decided it would only remediate those affected job seekers who would not have had their income support cancelled, if the discretion had been applied lawfully at the time of the original decision. They considered this approach was the most suitable on the basis that the Compensation for Detriment caused by Defective Administration (**CDDA**) scheme requires individual consideration to determine actual detriment suffered. The flowchart below outlines, at a high level, DEWR’s approach.

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<sup>4</sup> [Job seeker compliance data – The Australian Government, Department of Employment and Workplace Relations.](#)



## DEWR's approach to compensating affected jobseekers



All affected job seekers are offered the opportunity to make a **separate and additional claim** for compensation under the CDDA Scheme for any further detriment experienced as a result of the defective decision.

**Amount of compensation paid** – at a minimum, the amount of income support the job seeker would have been paid had their payment not been cancelled.

## Finding 1 – DEWR’s approach to remediating the unlawful cancellation decisions is not fair or reasonable.

DEWR did not act promptly to update information and guidance to job seekers and providers regarding the unlawful cancellation decisions. Further, DEWR’s approach of offering initial compensation based on their own review and then allowing a job seeker to make an additional claim, draws out the remediation process unnecessarily.

During this investigation, DEWR sought comments from the Office on the draft versions of its remediation strategy and communication material to affected job seekers. We provided comments on the broad outline of these materials without providing an endorsement, as we were mid-investigation.

### DEWR’s approach to remediation

DEWR developed a ‘Standard Operating Procedure – Compensation for Detriment caused by the Defective Administration under section 42AF(2)(d) of the SSA Act’ (**SOP**) for reviewing income support cancellation decisions for potential compensation.<sup>5</sup>

For some affected job seekers, over 3 years have passed since the unlawful cancellation decisions. The possibility that some job seekers may have had their payment cancelled had the original discretion been lawfully exercised does not change the fact that their payment was unlawfully cancelled, with immediate and potentially significant consequences for their ability to afford the basic necessities to survive.

Had DEWR acted immediately when it first received advice, job seekers may have had the opportunity to act sooner and potentially gather more relevant information when it was fresh in their mind. Given this was DEWR and Services Australia’s error, we consider it would have been more appropriate for the agencies to give affected job seekers an opportunity to outline all their losses (including non-economic loss such as stress and

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<sup>5</sup> [Standard Operating Procedure – Compensation for Detriment caused by the Defective Administration under section 42AF\(2\)\(d\) of the Social Security Administration Act 1999 – The Australian Government, Department of Employment and Workplace Relations.](#)

trauma) they believed had resulted from their unlawfully cancelled income support payment, and for DEWR to take that into account when deciding the amount of compensation payable.

Furthermore, DEWR's process requires **affected job seekers to make an additional claim under the CDDA scheme if they consider they have further direct losses as a result of the cancelled income support payment** (for example if they had to borrow money or pay penalties for being unable to make required payments).

This requires job seekers to take an additional step to seek further compensation if they believe they suffered additional detriment from the cancellation of their income support.

This draws out the process and is contrary to the importance we place on agencies to ensure they quickly remediate errors in automated systems when they occur and avoid placing undue burdens on impacted people. Agencies should make their remediation processes as streamlined as possible, minimising unnecessary contact points and requests for information, especially when vulnerable persons may be detrimentally impacted.

While it is understandable that DEWR may not have some information, it should make it as easy as possible for claimants to know what information it is seeking, in relation to what period.

Putting the burden on job seekers to provide accurate and relevant historical additional information to dispute a decision of non-compensation, or to seek additional compensation through another CDDA claim, after an agency error and 3 year delay, is not a fair and reasonable approach to remediate the impacts of its administrative errors.

## DEWR and Services Australia's information about the pause of cancellation decisions to job seekers

Given rising concerns about the TCF, the continued media scrutiny and public interest, DEWR took too long to advise job seekers of the error and the decision to pause and remediate cancellations.



We reviewed an example of redacted correspondence from Services Australia dated **7 February 2025** that we understand was sent to job seekers who allegedly committed a 2<sup>nd</sup> persistent mutual obligation failure. This redacted correspondence advised that the next time the job seeker did not meet their mutual obligation requirement without a reasonable excuse their payment may be cancelled. **Sending misleading correspondence to a job seeker about an outcome that will not occur is unreasonable** – given cancellations had been paused 6 months earlier. Receiving such information may have caused undue stress to the job seeker as they were effectively being notified of having their income support cancelled for a minimum 4 weeks if they did not meet their next mutual obligation requirement.

## DEWR's information about the pause of cancellation decisions to decision-makers

In March 2025 we considered DEWR's Part B – Workforce Australia Services Guidelines (**Guidelines**) and the Workforce Australia Services Deed of Standing Offer 2022–2028 (**Deed**). These documents outline provider obligations, including their work in the TCF. We found the Guidelines and Deed had not been updated to reflect the Secretary's decision to pause the cancellations and it did not appear until June 2025 that DEWR published a revised version of the Guidelines calling attention to the Secretary's public announcement in March to pause parts of the TCF.

We also considered sections of the [Guides to Social Policy Law – Social Security Guide](#) relevant to the TCF.<sup>6</sup> DEWR told us it manages these sections which Services Australia use to inform their decisions, however we noted that certain parts had not been updated to reflect the Secretary's decision.

While DEWR may have been focused on remediation rather than large scale updates to information and guidance for job seekers and decision-makers, we would have expected to see earlier messaging to reflect the pause in place. Updated information and guidance maintain transparency for job seekers affected by decisions, while helping decision-makers make informed decisions.

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<sup>6</sup> The [Guides to Social Policy Law – Social Security Guide](#) is series of publications designed to assist decision makers administering social policy law.



## DEWR's letters to affected job seekers

Our observations of DEWR's letters to affected job seekers found they did not provide sufficient information to help job seekers understand what review decision was being made, to help the job seeker into gathering and providing DEWR relevant information to inform the review.

DEWR's initial letter sent to an affected job seeker, 'Review of a previous payment cancellation decision' does not give any helpful information to the job seeker about when the unlawful cancellation that affected them was made and any detail that supported the decision. At a minimum, we consider fairness and transparency requires the correspondence to include what the initial decision was and to explain the reasons for it. This is particularly important given the length of time that has passed since the time of the cancellation decision.

DEWR's final letter to an affected job seeker, once DEWR determined compensation was to be paid, 'Outcome – review of your previous payment cancellation' does not inform the job seeker of the amount of compensation they would be paid. Even though the letter did inform the job seeker that detail would be provided by separate communication from Services Australia, we believe this particular communication should state the amount of compensation being paid and how this is calculated so the job seeker is properly informed and best placed to consider if the compensation is correct or whether, having incurred other potentially claimable losses, they should lodge a further request for compensation.



### **Recommendation 1**

(a) DEWR and Services Australia should ensure public information regarding the pause of any cancellation decisions made by the Secretary of DEWR is relevant, accurate and up to date.

(b) DEWR should ensure remediation is fair and reasonable by:

- (i) using clear and simple language to explain in the communication material to the affected person the decision that led to the administrative error, the process of remediation, the decision and the outcome

(ii) considering the total impact an administrative error can cause on a job seeker which includes economic and non-economic losses

(iii) ensuring all relevant and available information is considered

(iv) inviting and assisting the affected person to provide more information on their losses prior to making a compensation decision.



# Part 2 – Were the decisions that led to the unlawful cancellations fair and reasonable?

The second part of this report considers whether the decisions that led to the unlawful cancellation decisions were fair and reasonable.

## The TCF and its decision-makers

*The TCF is designed to target financial penalties towards only those [job seekers] who persistently commit Mutual Obligation Failures without a Valid Reason or Reasonable Excuse, **while providing protections for the most vulnerable** (our emphasis).*

*It is designed to encourage [job seekers] to engage with their [provider], take personal responsibility for managing and meeting their Mutual Obligation Requirements and actively look for work.*

**DEWR – 5 October 2021<sup>7</sup>**

The TCF is administered by the Secretary of DEWR and while various decisions and functions have been delegated to officers of DEWR, Services Australia and providers, DEWR still retains overall responsibility and accountability for Workforce Australia (including administration of relevant legislation and ensuring delegated decision-makers are conducting their roles fairly and reasonably). The diagram on the following page outlines the various decision-makers within the TCF for the Workforce Australia Services Program.

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<sup>7</sup> [New Employment Service Trial \(NEST\) – Targeted Compliance Framework: Work Refusal and Unemployment Failures – The Australian Government, Department of Employment and Workplace Relations.](#)



**Table 1**

*Decision-making within the TCF Workforce Australia Services program*

<b>DEWR’s oversight of decision-making within the Workforce Australia Services program</b>		
<b>Decisions made by providers:</b>	<b>Decisions made by Services Australia:</b>	<b>Decisions made by DEWR:</b>
<ul style="list-style-type: none"> <li>• Creating and approving a job plan.</li> <li>• Varying a job plan.</li> <li>• Setting a due date for the job seeker to agree to their job plan.</li> <li>• Determining whether there is a valid reason for not meeting a mutual obligation requirement.</li> <li>• Recording a demerit.</li> <li>• Suspending an income support payment.</li> <li>• Issuing a reconnection requirement.</li> <li>• Reinstating income support.</li> </ul>	<ul style="list-style-type: none"> <li>• Determining the outcome of a Capability Assessment.</li> <li>• Determining whether there is a reasonable excuse for a ‘persistent mutual obligation failure’.</li> <li>• Applying a financial penalty (reduction or cancellation of income support payment).</li> <li>• Reinstating income support.</li> </ul>	<ul style="list-style-type: none"> <li>• Exempting certain job seekers from their job plan.</li> <li>• Overseeing decisions made by providers and Services Australia.</li> <li>• Receiving and investigating complaints about provider decisions, actions and service delivery.</li> </ul>

The roles of DEWR, Services Australia and providers as they relate to the TCF are outlined below. Further detail can be found at **Appendix A**.



Job seekers are dependent upon the provider's fair and reasonable decision making to ensure they are not penalised with demerits that may lead to their income support being reduced or cancelled, especially given over two thirds of job seekers use providers.

## The role of DEWR

DEWR is responsible for administering the TCF, engaging providers, maintaining oversight of decision-making they have delegated to providers, and receiving and handling complaints about providers and the TCF.

## The role of Services Australia

Services Australia conducts capability assessments to determine whether job seekers can meet their mutual obligation requirements. Additionally, they conduct mutual obligation failure investigations to determine whether job seekers have a reasonable excuse for not complying with their mutual obligation requirements. Mutual obligation failure investigations can result in financial penalties. These decisions are further explained in **Appendix A**.

## The role of providers

Workforce Australia Services Providers (**providers**) play an important dual role in the TCF by helping job seekers find work while managing the job seeker's compliance against mutual obligations requirements. If the provider decides a job seeker has not met their mutual obligations, they can record a demerit. When these accumulate, they put the job seeker at risk of having their income support suspended, reduced or cancelled. Though providers are not the final decision-makers for the cancellation of a job seeker's income support, **provider decisions play a pivotal role in determining whether job seekers move from the Green and into the Warning or Penalty Zone.**



The flowchart at **Appendix B** demonstrates how job seekers can move through these zones.<sup>8</sup>

How a provider's decision could lead to a catastrophic outcome is demonstrated through the unlawful cancellation decisions identified in Report 1. In this instance, all 964 job seekers who had their income support cancelled were engaged with a provider whose decisions may have led to the job seeker finding themselves in the Penalty Zone.

*At the time of payment cancellation, each [job seeker] was serviced by a provider. Financial penalties, including payment cancellation under 42AF(2)(d), can only occur while a [job seeker] is serviced by a provider.*

**DEWR – Response to TCF own motion investigation, 3 June 2025.**

## Fair and reasonable decision-making in the TCF

Fair and reasonable decision-making, whether for provider decisions to apply demerits, Services Australia's decisions on capability assessments and mutual obligation failure investigations, or DEWR's decisions on complaint outcomes, should be transparent, accountable, evidence based and provide the job seeker an ability to seek review or appeal where it is available.

We expect good decision-making in the TCF to:

- provide notice to the job seeker so they understand, are prepared and able to provide relevant information that can be considered during the process
- provide an opportunity to the job seeker to engage and advocate for themselves, without the decision-maker making assumptions, discounting relevant lines of enquiry or giving disproportionate weight to items of information
- clearly communicate to the job seeker the reasons for decisions in a simple manner using direct language

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<sup>8</sup> The flowchart at **Appendix B** reflects parts of how the TCF operated before the DEWR Secretary's decision to pause income support cancellations.



- provide an opportunity to the job seeker to seek available review of decisions that have been improperly made, which includes providing accessible information about the review process
- clearly outline the roles and responsibilities of the provider and agencies, so they can be held accountable and prevent confusion or duplication of effort for the job seeker through the process.

‘The quality of administrative justice experienced by the public depends largely on primary decision makers “getting it right”.’

[Administrative Review Council Best Practice Guide: Statement of Reasons \(August 2025\)](#)

We found that aspects of the decision-making that led to the unlawful cancellation decisions were not fair and reasonable.

## **Finding 2 – Providers give insufficient information to Services Australia to conduct capability assessments of job seekers and mutual obligation failure investigations of job seekers.**

When a job seeker is being assessed in the Penalty Zone, Services Australia are making decisions on the job seeker’s ability to meet their mutual obligation requirements based on insufficient information from providers.

Services Australia’s decisions on capability assessments and mutual obligation failure investigations (**Penalty Zone assessments**) can lead to a job seeker being moved into the Penalty Zone and face a financial penalty once there.

Services Australia explained to us that Penalty Zone assessments consider all information provided by the job seeker (old or new) at the date of the assessment, as well as any information from the provider. In our observations of Services Australia interviews, we noticed that while Services Australia officers prompted job seekers for information when undertaking these assessments, the historical and background data of the job seeker, as recorded by the provider, appeared minimal and generic and, in some cases, did not provide enough context. The information that was recorded did little to communicate any meaningful depth of the job seeker’s actual experiences,



which runs the risk of officers making decisions without consideration of a job seeker's underlying circumstances.

The Workforce Australia Services Guidelines state that, based on the discussion with the job seeker during the Capability Interview, the provider must use the Capability Management Tool to accurately record information regarding all identified barriers or vulnerabilities affecting the job seeker's ability to meet their mutual obligation requirements and find employment, including how these are being addressed.

In the examples we reviewed, the greatest impact on the outcome of an assessment was a job seeker's ability to advocate for themselves and ability and willingness to share the details of their personal circumstances with an officer who they had never dealt with before.

This is consistent with DEWR statistics which show that between 1 July 2024 and 30 September 2024, 61% of Services Australia decisions that a person was not capable of meeting their mutual obligation requirements were due to 'newly disclosed information'.

Having access to all relevant and historical information about a job seeker at the time of making a decision better equips Service Australia officers to understand the context of the Penalty Zone assessment and identify any patterns or root causes. Without complete information, officers may fill in the gaps with assumptions and biases that can prejudice the job seeker- especially when the job seeker is not aware of the information that has actually been recorded by the provider (which may not include information that the job seeker has previously given to the provider), and/or is unaware of or not able to address the Services Australia officer's concerns and advocate for themselves.



### **Recommendation 2**

DEWR establish processes and provide guidance to providers to improve record keeping and ensure accurate and complete information about a job seeker's circumstances (including relevant and historical information) is provided to Services Australia for capability assessments and mutual obligation failure investigations.

## Finding 3 – Services Australia do not provide sufficient written explanation of penalty decisions to job seekers.

Services Australia's template decision letter to a job seeker does not provide any detailed reasons for a decision to cancel the job seeker's income support.

Upon completion of a mutual obligation failure investigation, if a Services Australia officer determines a reasonable excuse has not been established, they must record an explanation of the decision and detail the evidence to support it. The officer speaks to the job seeker to explain the outcome of the investigation and advise a financial penalty will be applied which, for a 3<sup>rd</sup> mutual obligation failure, means cancellation of income support.

Following verbal advice of the cancellation, Services Australia sends a cancellation letter to the job seeker.

We sighted an example of a template letter (provided by Services Australia) which states the reason for cancellation is because the person did not have a reasonable excuse for not meeting a requirement in their Job or Participation Plan. **The letter does not provide any further explanation detailing the reasons for the cancellation.** While this letter asks the job seeker to contact Services Australia for an explanation of the decision if they do not agree with it, this information appears in small print.

Further, the information about the **availability of review** also appears in small print at the end of the cancellation letter. We believe this information should be clearer and more prominent. It also needs to be accessible and understandable, including giving job seekers the option to receive in writing any information that is referred to in a weblink. This may be necessary for those people with limited or no access to internet facilities or who have difficulties viewing information on a computer screen.

Finally, the letters do not provide explanation of legal terminology used. For example, the letter advises under the heading 'Important Information' that it is a *notice of a decision under social security law*. However, this expression is not explained, and we suspect the statement would be largely meaningless to many recipients without a proper explanation. It certainly does not convey to the recipient that what it means is that the decision can be challenged in the Administrative Review Tribunal.



It is essential that agencies clearly explain their decisions to affected job seekers. This is especially important for those in a vulnerable or disadvantaged position and who, because of their circumstances, may be unable to 'take in' critical and essential information in a telephone call.

We consider when job seekers are informed about their income support cancellation (and in the steps leading up to that), Services Australia should specify in writing the reasons for the decision along with an explanation about what constitutes a failure to provide a reasonable excuse and to specify why in the job seeker's particular case it was considered they did not meet those requirements. Those impacted by these decisions have appeal rights and should be given sufficient information to consider whether to challenge the decision. It is inappropriate to generally limit the process for conveying such important information to a series of telephone conversations between Services Australia staff and the person and to generalised correspondence lacking in detail.

Job seekers should be given all relevant information in writing so they can best understand, assess and determine whether to seek a review of the decision without the pressure of a telephone call (where there may be information overload, misunderstanding or inability to understand). Having the relevant information in writing also assists the job seeker to seek advice about the decision, for example from a Community Legal Centre or other community resource.

'A right to challenge a decision may be meaningless if the grounds for the decision or the matters taken into account are not able to be produced by the agency.'

[Commonwealth Ombudsman, Submission No 24: Inquiry into the use and governance of artificial intelligence systems by public sector entities, 25 October 2024](#)



### Recommendation 3

Services Australia should update written correspondence to job seekers about penalty decisions using simple, clear language. Written correspondence should inform the job seeker about:

- (a) the reasons for the decision along with an explanation about what constitutes a failure to provide a reasonable excuse

- (b) why in the job seeker's particular case it was considered they did not meet the requirement
- (c) their rights of review or appeal
- (d) terms of a legal or unfamiliar nature so that the job seeker is best able to understand what these terms mean.

## **Finding 4 – DEWR and Services Australia's information for job seekers on how to seek a review or make a complaint lacks transparency, clarity and accessibility.**

DEWR and Services Australia's websites do not contain clear and consistent information for job seekers about how to seek review of a decision or make a complaint.

This investigation was not an in-depth examination of DEWR and Services Australia's complaint handling processes. We examined DEWR's oversight of providers and considered how DEWR managed job seeker complaints to give feedback of provider services and behaviour, accountability and opportunities for improvement. The complaints we looked at in this investigation helped build our understanding of DEWR's oversight of providers. Further detail on our observations of DEWR's oversight of complaints is included in **Part 3** of this report.

### **DEWR's public information on complaints about providers**

It is good that DEWR provides a pathway to receive complaints about providers. At the same time, the information provided could be clearer and more useful. Individual job seekers may not speak English as a first language or may have literacy challenges, so it is important the language used by DEWR is simple and clear, to best inform and guide prospective complainants.

Job seekers looking for details about how to complain would typically access DEWR's general complaints page, '[making a complaint to the department](#)'. This page refers to a variety of complaints including complaints relating to the DEWR's Employment Services including Workforce Australia or Parent Pathways.



We are concerned the headings and terms DEWR use to describe the subject matter of the complaint may not mean much to a job seeker who wants to complain about their provider. For example, we do not consider job seekers would necessarily understand that a complaint about '*Employment Services (including Workforce Australia) and Parent Pathways*' would include complaints about providers.

Further, it appears the only explicit mention that this complaint avenue is appropriate to raise concerns about providers is on the [Pre-employment and Employment Services complaints factsheet](#).

Here, the job seeker is advised they can submit a complaint about '*Workforce Australia or other pre-employment or employment services programs **or your employment services provider***' (emphasis added). We think this important information is not given sufficiently clear prominence and could lead to job seekers deciding not to submit a complaint because the information is unclear or concluding that there is no complaint option to DEWR where providers are involved. DEWR could do more to give job seekers conspicuously placed, jargon free information on all relevant website pages so that they can readily understand and so they can easily see complaint paths.

Further, the sense we had from the content of its public complaint information was an emphasis on seeking feedback so DEWR could improve the service it provides rather than on actioning a complaint to address the complainant's concerns. For example, the general page [Making a complaint to the department](#) provides in large print, *the department has **mechanisms in place for receiving feedback** on our programs and services, as it is integral to our on-going improvement*. The [Making a complaint about Employment Services and Parent Pathways](#) page states **your feedback is important and will help us to continually improve our services** and the [Pre-employment and Employment Services complaints factsheet](#) commences with we **welcome your feedback**

For the sake of transparency and in order to avoid potential reader confusion, DEWR could provide a simple explanation of the difference between making a complaint and providing feedback. DEWR might consider reinforcing this explanation by including the word 'complaint' when referring to 'feedback'.

We think these changes would improve clarity around complaint making by expressly stating that complaints, as well as feedback, are invited. Fostering a climate where complaints are welcomed and facilitated is especially important for job seekers whose



only other real recourse may be their provider who, in many cases, will be the root of the job seeker's concern. More broadly, getting the complaint culture right is imperative noting the valuable intelligence complaints provide agencies that can often lead to improved processes.

## DEWR's public information about the outcomes of making a complaint

We also consider DEWR's complaint pages generally gives job seekers little, if any information about the outcomes or action DEWR can take if the complaint is upheld. This information was typically absent in the complaint pages we reviewed. We think it would help job seekers if DEWR provided a comprehensive (but clearly expressed as a non-exhaustive) list detailing the types of issues a job seeker can complain about and the possible outcomes that may result from their complaint.

Telling people what they can complain about and the redress they may receive are empowering and important elements in giving people good complaint information and should feature prominently. We consider such information is critical because people are best placed to make an informed decision whether or not to complain. For example, some people will not complain if they know the complaint is not within scope or the range of outcomes are not within their expectation. Further, others who have not made a complaint, when advised of the types of complaints that could be made or the potential outcomes may respond that they would have done so had they been given this information in the first place.

## Agencies' public information on reviewing provider decisions

We were unable to find clear and consistent information on DEWR and Services Australia's websites about which provider decisions job seekers can seek to have reviewed and how to do this.

We consider there should be clear and simple information on agency websites for job seekers so they are able to find out about review processes that may be relevant to their provider and to their own circumstances (including those decisions that are outside scope for review, but which still affect job seekers).



The Social Security Guide ([Chapter 6.10 Review of social security decisions & the appeals system](#)) provides public information about how a person can request a review of social security decisions. This page does not clearly state that it also applies to those decisions of providers which are characterised as social security decisions. We think this should be made clear in the Social Security Guide dealing with the review of social security decisions made by providers, even though the Guide is hosted on the Department of Social Services website and may not be a typical starting point for job seekers looking for information about their review rights. It is however one of a number of potential places a job seeker may gain information.

Services Australia's webpage on '[Demerits and penalties for not meeting mutual obligation or participation requirements](#)' outlines what to do if a job seeker disagrees with a demerit decision and provides some brief information about the action a job seeker may take if they disagree with a decision that resulted in a financial penalty or payment cancellation. However, there are a large number of other decisions that providers make that should also be addressed, including the limited decisions which can be reviewed by Services Australia (e.g. variation of job plans, payment suspensions, reconnection requirements, reinstatement of payments).

DEWR told us that a job seeker's Job Plan explains how they '*... may appeal provider and [Digital Service Contact Centre] decisions **that impact their payment** by seeking a review by Services Australia (review statement).*

This review statement appears at odds with information provided by the agencies that suggests many provider decisions are not generally appealable because they are not administrative decisions. If this is the case, then the Job Plan content should be revised. Additionally, if the review statement on the Job Plan is correct, it constitutes very important advice for job seekers and should also be brought to the job seeker's attention on DEWR's website as a clear complaint pathway, with details specifying – ideally with simple examples – which provider decisions are capable of review or appeal, and which are not.

## Reviewing decisions made by Services Australia

We also observed a Services Australia officer failing to offer a job seeker a right to review the decision the officer made to impose a penalty. This was noted in 1 of the 4 mutual obligation failure investigation recordings we viewed.



Services Australia procedures provide that where it decides to apply a financial penalty following its investigation of a job seeker's mutual obligation failure, the decision '*...should' be verbally explained to the job seeker to' ensure consistent messages are communicated regarding... [the job seeker's] ... appeal rights.'*

Informing the job seeker of their review rights is important and should occur in every discussion with a job seeker where a decision is made to reduce or cancel the job seeker's income support. Additionally, rights to review information should be given at key locations on agency websites and, where appropriate, other relevant websites.

## Services Australia's correspondence to complainants

Services Australia does not manage complaints about provider behaviour and/or their decisions. If complaints and feedback are lodged with Services Australia about providers, Services Australia advises the complainant to directly contact the provider or DEWR. Services Australia told us that its complaints officers can assist in navigating customers to DEWR's complaint and feedback contact details.

We analysed Services Australia's template letters and emails they provide to job seekers when writing to advise they cannot handle the job seeker's complaint. The letter had minimal detail: Services Australia simply thank the person for their feedback and say they are unable to assist because it is not about a Services Australia payment or service and that the person may wish to contact the relevant agency or organisation related to the person's feedback for assistance. This does not provide meaningful information to help job seekers progress their concern.

The TCF is a complex mechanism, and we expect many job seekers would find it very hard to navigate. Receipt of this type of correspondence would only add to their difficulty. Our [Better Practice Complaint Handling Guide](#) discusses the 'no wrong door' concept which acknowledges that it can be hard for people to know where to direct their complaint.





#### **Recommendation 4**

DEWR and Services Australia review and update their information and communication to the public and job seekers about the review and complaints processes available to them. Materials should provide clear and transparent information and delineate the roles and responsibilities of the agencies involved.

## **Part 3 – DEWR’s oversight of providers**

### **The importance of oversight**

Outsourcing government work to external providers must be balanced with adequate oversight by agencies to ensure providers are properly delivering the appropriate services and are held accountable for their decisions and actions.<sup>9</sup> Ensuring providers are delivering appropriate services is particularly significant given the impact of their decisions on job seekers.

The final part of this investigation examines DEWR’s oversight of providers, job seeker complaints and the administration of automatic suspensions.

The scope of this investigation was limited to DEWR’s oversight of the decision-making of providers that ultimately affect job seekers. We did not investigate DEWR’s overall management of providers such as administration of deeds, contracts or service order arrangements between DEWR and providers.

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<sup>9</sup> [Fact sheet - Complaint handling outsourcing, Commonwealth Ombudsman](#) and [Insights Paper - Removing barriers to government services, Commonwealth Ombudsman](#).



## Finding 5 – A high rate of provider decisions are overturned.

A high rate of provider decisions being overturned by DEWR and Services Australia raises concerns about the quality, consistency and appropriateness of provider decision-making in the TCF. This is particularly important given decisions made in the Penalty Zone could eventually lead to a job seeker having their income support payments cancelled.

There is a possibility that the job seekers who were affected by the unlawful cancellation decisions could have had a different outcome, had their provider's earlier decisions been reviewed and overturned by DEWR or Services Australia.

### Services Australia finds large numbers of job seekers were not capable of meeting their job plan requirements and returned them to the Green Zone

Over a 3-month period from 1 July 2024 – 30 September 2024, **Services Australia determined that 51% of job seekers they assessed were not capable of meeting the requirements in their job plan that had been settled by providers.**<sup>10</sup>

Job seekers who are found not to be capable of meeting their requirements by Services Australia during such a capability assessment return to the Green Zone and their demerit points reset to zero.

60% of these job seekers were found to be not capable of meeting the requirements in their job plan because they disclosed new information. Through no fault of their own, not every job seeker can speak up for themselves. They may not be aware of what information providers or agencies in fact hold, or of the relevance of additional information they hold themselves, they are unlikely to know whether information they have already given to a provider has in fact been recorded by the provider or, they may

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<sup>10</sup> Of the 3,820 capability assessments conducted by Services Australia for job seekers with providers between 1 July 2024 and 30 September 2024, DEWR data shows that 51% were found to be not capable of meeting their mutual obligation requirements. The main reason for this was 'newly disclosed information' (60%).



face linguistic or cultural barriers. For all of these reasons, they are at a potential disadvantage.

If a job seeker is found capable of meeting their mutual obligation requirements during a capability assessment, they enter the Penalty Zone and risk loss of income support. As such, the capability assessment warrants particular scrutiny and care in its application to ensure fair operation noting that it is not a legislated decision under Social Security Law but rather an administrative process where **the outcome is not appealable and cannot be reviewed.**

The need for fair process is underscored by the fact that the path a job seeker takes to reach the point of a capability assessment is preceded by a series of non-reviewable decisions (in the form of 5 demerits) imposed by the provider when they decide the job seeker has not provided a valid reason for a purported mutual obligation failure.

Further, of the 18,170 purported 'persistent mutual obligation failures' that Services Australia investigated between 1 April 2022 and 4 July 2024, **Services Australia overturned 27% of these provider decisions following a discussion with the jobseeker.** 'Persistent mutual obligation failures' are mutual obligation failures made by job seekers who are in the Penalty Zone.

Services Australia also reported that in the period 1 July 2022 to 4 July 2024, it rejected persistent mutual obligation failure decisions of providers following a discussion with a job seeker based on the following reasons:

- 21% Medical condition prevented compliance (with or without evidence provided).
- 21% Confused about the requirement or confused with a similar requirement (that is, the job seeker complied but on the wrong date, time or location).
- 10% Major personal crisis.
- 9% Care for a sick or frail family member, bereavement, or childcare responsibilities.
- 9% Other (variety of reasons where it would have been unreasonable or inappropriate for the mutual obligation failure to have been applied).
- 8% Failure incorrectly reported or unforeseeable transport difficulties.



- 7% No failure (the job seeker was not notified properly, could not find the location, attended on time, did what was required or returned a satisfactory job search by a specified date).
- 6% Undertaking other activities, working at the time of failure or attending job interview.
- 5% Homelessness.
- 4% Language, literacy or numeracy issues, cultural issues, unreasonable commuting distance or drug or alcohol related issues.

## DEWR’s overturn rates of decisions made by providers

A DEWR review in early 2024 found that **54% of the capability interviews conducted by providers that DEWR reviewed did not follow the correct procedure to update the job seekers’ requirements after job seekers were found not capable of meeting their current requirements.** That is, just over one in two capability interviews did not follow the correct procedure in this regard.

DEWR’s desktop analysis of provider activities between 1 July 2022 to 4 July 2024 also demonstrated that it removed almost 1 in 5 of non-compliance events recorded by providers against job seekers.

**Table 2**

*DEWR’s desktop analysis for provider activities between 1 July 2022 – 4 July 2024*

19%	Removed non-compliance events where a job seeker was tracking towards the Penalty Zone.
17%	Removed non-compliance events that led to a job seeker entering the Penalty Zone.
18%	Removed non-compliance events that resulted in a job seeker being “fast-tracked” to the next capability review point.

## Monitoring the overturn rates of decisions made by providers

The high overturn rates illustrate that providers may not be adequately considering the circumstances of job seekers and are not being sufficiently monitored by DEWR. It was not however clear during the investigation how DEWR uses the information from the provider decision overturn rate.



We acknowledge DEWR's work in reviewing its TCF assurance practice and, as they progress their risk monitoring activities, we encourage them to incorporate the data from overturn rates in their risk framework.



### **Recommendation 5**

DEWR improve the decision-making of providers by:

(a) reviewing data on overturn rates of provider decision-making to develop targeted assurance activities to address inefficiencies and identify opportunities for improvement, whilst establishing feedback loops to ensure providers are receiving information on overturned decisions to further support learning and improvement

(b) implementing further quality assurance by conducting regular reviews to identify and correct trends with individual providers as required.

## **Finding 6 – Automatic suspensions in the Penalty Zone undermine a job seeker's ability to challenge penalties.**

The immediate suspension of income support payments to persons in the Penalty Zone is unfair.

A job seeker in the Penalty Zone has their income support payment immediately suspended if they commit a mutual obligation failure. These job seekers are notified their payment has been suspended and that they need to provide a valid reason or meet the reconnection requirement for their payment suspension to end. We note by comparison that job seekers in the Green or Warning Zones are not automatically suspended but given 5 business days to provide a valid reason or meet the reconnection requirement before suspension takes effect.

By its very nature, the financial pressure of suspension puts the job seeker in a vulnerable position. Even if a suspension ends up being lifted without a financial consequence, this is likely to be significantly stressful for job seekers, given their very precarious financial position. We consider this financial pressure lessens the fairness of the TCF process the job seeker is required to navigate.



As mentioned above, from 1 April 2022 to 4 July 2024, Services Australia rejected 27% of the persistent mutual obligation failure provider decisions it investigated, following a discussion with the job seeker. **This suggests a large percentage of job seekers have their payments inappropriately suspended, given they had reasonable excuses for not complying with their mutual obligation failures.** We discuss this issue further in respect to the role of providers in the TCF, however, this percentage lends weight to the argument that job seekers in the Penalty Zone should not be immediately suspended from income support.

The need for proper explanation and information regarding decisions is even more important in the Penalty Zone, given the financial pressure on job seekers who face suspension and penalties.

There is an inherent danger in applying what is effectively a default process that automatically shuts down a job seeker's receipt of vitally needed income support. This is compounded for job seekers in a vulnerable state who could have difficulty responding in a timely manner in their own interests or who for whatever reason may not have received the notification. As noted in our first report on the TCF, job seeker payments are below the poverty line, so recipients are very vulnerable. It is also likely that the current state of the employment market and the current unemployment rate together mean that many job seekers are unlikely to find ongoing employment no matter how hard they try to comply with the requirements placed upon them.



### **Recommendation 6**

DEWR and Services Australia review the automatic process to suspend a job seeker's income support in the Penalty Zone, ideally to provide job seekers with 5 days to reconnect or provide a valid reason for any mutual obligation failure prior to suspension.

## **Finding 7 – DEWR's assessment of provider performance lacks transparency.**

DEWR's assessment of provider performance lacks transparency, especially in its awarding of 'moderate ratings' to providers where there is insufficient performance data to support the rating.



DEWR assesses provider performance using the Workforce Australia Employment Services Provider Performance Framework (**Performance Framework**) to ensure job seekers (and employers) are getting tailored and quality services, and providers are fulfilling their obligations. We understand that providers are assessed quarterly, and the assessment includes voluntary self-assessment and DEWR's review of assurance and oversight activity intelligence, stakeholder feedback and provider-supplied information.

The result is a rating for each assessment module and an overall rating of:

- High – providers are exceeding DEWR's expectations of performance
- Moderate – providers are meeting DEWR's expectations of performance
- Low – providers are not meeting DEWR's expectations of performance.<sup>11</sup>

While performance ratings are published online quarterly, to obtain more information about the ratings, and the modules and measures DEWR uses to assess these ratings, a reader must navigate to other publicly available information on the DEWR website, for example the Workforce Australia Guidelines or DEWR's Annual Report. The modules against which providers are assessed are provided in the Workforce Australia Guidelines as: sustained employment; progress to employment; quality of service to participants and employers and licencing standards. **This means it is difficult to determine how a high, moderate or low rating in a particular module would reflect the service offered by the provider.** As such it is unclear how these ratings might be put to a practical use by job seekers or other stakeholders.

Further, **the Performance Framework states in effect that where there is insufficient data for a performance measure, a moderate rating is to be awarded.**<sup>12</sup> This means that for providers with moderate ratings, it is unclear if those ratings were awarded because there was evidence of performance or because of a lack of evidence about performance. In some measure, this appears to just be a default rating.

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<sup>11</sup> ["Workforce Australia Services Provider Performance Ratings – The Australian Government, Department of Employment and Workplace Relations.](#)

<sup>12</sup> [Workforce Australia Guidelines – Part B Workforce Australia Services – The Australian Government, Department of Employment and Workplace Relations](#), p 370.



This practice does not provide appropriate accountability and transparency to the delivery of services to job seekers and can undermine public trust that the program is being delivered and overseen appropriately.

Awarding moderate ratings where there is insufficient data could incentivise providers to limit the evidence they provide for DEWR's assessment, if the available evidence would show them as not meeting the measure, or having only a low rating. It also risks bias to award moderate ratings, given these ratings would arguably not need to be as thoroughly evidenced or justified in assessments as high or low ratings.

## Service Delivery Assessments (SDAs)

SDAs are one of the measures DEWR uses to assess providers' performance against the Performance Framework to assess providers' services to job seekers such as on-boarding; assessment of goals, capacity, and barriers; case management; and building long term capability.

We selected a sample of SDAs that had an overall low rating, to gain an understanding of what DEWR assessors considered, the providers' responses and how the overall rating was awarded, rather than examining the adequacy of SDAs. We noted that in many of these SDAs, providers had been assessed as 'moderate' against some of the criteria indicators on what appeared to be limited amount of evidence. For example, moderate ratings were given on the following criteria indicators:

- despite a DEWR assessor stating that there was 'limited data' to make relevant assessments
- based on evidence that did not on its face appear to substantiate the moderate rating, or with a lack of clarity on how the evidence was collected
- based heavily or solely on provider representations.





### Recommendation 7

(a) DEWR should not award 'moderate' ratings to providers for criteria where there is insufficient data but should instead document and publish these criteria as 'not assessed'.

(b) DEWR should publish meaningful and granular detail on ratings for each provider, including the reasons for the overall ratings and for the rating against each assessment module.

## Observation 1 – DEWR should continue to improve its oversight of providers, utilising their complaints mechanism.

Complaints mechanisms are an important and often underutilised source of real time data that can provide insights into provider behaviour, systemic issues and job seeker experiences. Given the perceived power imbalance between a job seeker, who relies on the decision-making of their provider to receive income support payment, while at the same time requiring their assistance to find work, the ability to make a complaint is powerful because it gives the job seeker agency, voice and a mechanism for change.

DEWR advised that on 31 October 2024, it implemented a new process for managing complaints received by its National Customer Service Line including complaints about providers. This followed the Australian Government announcement in the 2024-25 Budget of a new complaints service, in response to recommendations by the House Select Committee on Workforce Australia Employment Services.

Some of the expected improvements to DEWR's complaint processes include updated processes that do not refer job seekers back to their provider by default to resolve their complaint and asking providers to respond directly to DEWR when addressing complaints.

Advocacy groups told us they had noticed improvements in the complaints management system since these reforms were introduced and we acknowledge and welcome the work DEWR is doing to make the complaint process better for job seekers.



## DEWR's internal handling of complaints about providers

In addition to our review of DEWR's internal guidance documents to staff on how to handle complaints, we analysed 2 complaints to DEWR made in early 2025. As this was not an investigation into DEWR's administration of its complaint handling process, we only analysed the complaints to make observations about the internal communications, process and actions to address the complaint.

We found DEWR's internal documents to staff lacked clarity and consistency and did not support clear internal or external communication and engagement in resolving complaints.

An example of this is the Complaints Management Policy, which notes that, where appropriate, cases will be referred to other areas of the department for further investigation and action. However, to whom, when and how these referrals are to be made are not described. Instead, other assurance documents, not related to the complaints procedures, outline relevant roles.

DEWR also provided us with a screenshot of its Managed Programs Intranet page on handling a dissatisfaction or complaint. We found this page was internally inconsistent in how it advises staff to handle different categories of complaints. For example it states that Complaint Referral Forms, used by DEWR officers to refer complaints to providers, are not to be raised for Category 1 and 2 complaints. However, lower down on the same page, a 'Complaints Assessment Framework table' refers to sending these forms for Category 2 complaints. The Managed Programs Intranet page also discusses referrals of complaints to the Feedback and Complaints Team (**FaCT**) who appears to play a key role in the management and investigation of provider complaints. However, despite its importance, the FaCT is not mentioned in DEWR's primary 'Complaints Handling Policy' for 'Employment Services', nor in its 'Standard Operating Procedure Complaints Management Team'. We conclude that either there has been an oversight in not referring to the FaCT in these documents or that the FaCT no longer exists and the Managed Program Intranet page contains outdated information.

Even when DEWR guidance was available to assist internal processes and communication, specific guidance was not followed in the 2 complaint examples we considered. This included the SOP for the Complaints Management Team about the process to be followed by that team to investigate complaints relating to employment



services, including the process of developing an investigation plan and contacting the key stakeholders identified in the plan.

## Providers' public complaint information

Clause 38.3 of the Deed requires providers to give DEWR and job seekers, upon request, details of the process the provider has established to manage Customer feedback. We have not sighted any published information on DEWR or Workforce Australia's websites referring to the right of job seekers to ask for the provider's Customer feedback process.

We consider ground-level lack of visibility to provider complaint processes could mean valuable intelligence is being lost of the job seeker perspective about what may be going wrong or working well. While a provider's processes may come to light in the event the job seeker escalates their complaint to the National Customer Service Line or when DEWR conduct a site visit, the potential for valuable scrutiny may still be lost by those job seekers who do not request a copy of the provider's Customer feedback process being unaware of their right to do so. Ideally, we consider job seekers should be provided this information up front and without having to ask for it.

People-centric complaint frameworks that invite and respond to criticism make for fairer processes and allow agencies to gain valuable stakeholder intelligence about what may be going wrong and how improvements can be made.

## What the complaint data is saying

According to DEWR, during 1 July 2022 – 4 July 2024, 11,652 complaints were lodged with DEWR and Services Australia or the National Customer Service Line, and an overwhelming majority (94%) were about providers, compared to the online service (6%).

Of the complaints about providers, a large proportion (86%) were about provider service. This equates to approximately 9,400 complaints in 24 months, or 390 complaints a month, about job seekers who had experienced, amongst other things:

- inappropriate or inadequate service
- dissatisfaction with their employment consultant allocated by their provider
- unprofessional behaviour by their provider



- provider obligations not being honoured
- discrimination, bullying and harassment.

**Given over two thirds of job seekers have providers, this represents a disproportionate number of complaints about provider services compared with online employment services.**

DEWR explained that while it was able to internally monitor complaint trends regarding the number and reason for the complaints by reference to providers and their sites, it did not at that time have access to or oversight of the complaints that job seekers make directly to their providers.

During the investigation, DEWR were unable to provide us with the following data from 1 July 2022 – 4 July 2024 because its Customer Relationships Management System did not hold or store the data in a way that could be reliably isolated and reported on:

- number and percentage of provider decisions that were challenged by job seekers
- cohort data on job seekers making complaints about providers
- the outcome of complaints about providers
- reliable advice on the number of people who requested a transfer between providers and the reasons for these requests
- reliable advice on provider transfer requests via the National Customer Service Line.

The lack of outcome reporting means DEWR was not able to explain how complaints about providers were being managed and resolved, including whether the following outcomes which it told us were possible are in fact occurring:

- a provider apologising to a job seeker
- agreeing to approve the job seeker's funding under the Employment Fund
- changing the job seeker's employment consultant
- providing provider staff with feedback or coaching
- cancelling payment holds or demerits



- advising a job seeker their feedback or complaint will be shared internally within DEWR to inform the design of future policy or programs
- providing support to a job seeker to understand employment policies such as mutual obligation requirements
- informing a job seeker about appropriate provider behaviour in line with Deed and Guideline provisions.

DEWR has been recording complaint outcomes since 1 March 2025 and committed to reporting complaints data as part of the introduction of the new Complaints Mechanism in October 2024. On 25 September 2025, DEWR published its inaugural Complaints Service Report for the period 31 October 2024 to 30 April 2025.



### Suggestion 1

DEWR should continue to develop its complaints mechanism to identify trends to detect systemic issues and behavioural patterns of providers and create feedback loops into DEWR's oversight processes

## **Finding 8 – Compliance activities against providers do not appear to align to the high number of overturned rates of provider decisions.**

The high overturn rates of provider decisions do not appear to align with DEWR's compliance actions and monitoring of provider activities.

As this investigation focused on how provider decisions are made, challenged and assured, we examined DEWR's assurance activities of provider decision-making, rather than DEWR's broader oversight of provider services.

DEWR advised us that it delivers Workforce Australia Employment Services through 41 providers across 1,486 sites. There are 176 active licences for Workforce Australia Services, and each licence allows a provider to operate either a generalist or specialist service within an Employment Region.



## Risk monitoring App for the TCF

At the commencement of the investigation, DEWR advised our Office that in relation to the TCF, there was a risk monitoring data App built for the program area that provides alerts on known risk areas which are used for monitoring and assessing potential provider non-compliance areas such as:

- providers booking appointments over personal appointments (e.g. work; medical appointments)
- flags for when providers book appointments retrospectively to apply a demerit
- flags for when providers have a spike in demerits applied to job seekers.

However, later in the investigation when we sought further information on this data App, DEWR changed its previous advice, stating that the risk monitoring data App for monitoring TCF-related data was in fact not complete and was expected to be gathering data by late 2025.

Given the high rate of decisions that are being overturned, we welcome the new assurance tool that will be able to be used to alert DEWR to poor provider performance.

## Compliance actions against providers.

DEWR told us about the following compliance actions for Workforce Australia Services taken against providers from 1 July 2022 to 4 July 2024:

- 1 performance improvement plan
- 3 low impact breaches to 3 providers
- 4 significant breaches to 1 provider across 2 licences
- 11 warning notices
- 85 requests to 29 providers to explain inappropriate use of the TCF (issued from May 2024 to July 2024)
- 142 privacy breaches
- \$7.07 million recovered.

To gain visibility of DEWR's approach to rectifying indicators of poor performance or non-compliance identified during site visits to providers, we asked to view procedures and records of outcomes of 5 site visits, including 1 that was unannounced. In the 3



cases in which DEWR raised concerns with providers, we noticed a pattern where DEWR's concerns were actively addressed with the provider in the first instance, but not maintained even when the identified issues did not improve.

In the first of these 3 cases we were pleased to see that DEWR's follow up resulted in improved outcomes for the provider. This first case demonstrated that DEWR actively raised concerns identified during an announced site visit in December 2022. In January 2023, DEWR met with the provider's senior executive team and maintained this contact monthly until April 2023. During February 2023, the provider demonstrated how it was improving employer engagement and in April 2023 recorded its best employment outcomes since the licence commenced.

In the next two cases, initial site visits were conducted in September 2022 and March 2023 respectively. In these cases DEWR's initial action to guide and monitor provider improvement was not maintained, and poor performance indicators appear to have continued until 2025, when the licence review recommended that the licences not be extended beyond June 2025. Even though licences were eventually revoked, it did not appear that much action was taken to improve provider performance and ultimately, the provider licences were cancelled.

### Outcomes from the 2024–25 licence review

Additionally, DEWR also conducted a licence review from October 2024 to February 2025 of the 176 Workforce Australia Services provider licences. This resulted in DEWR renewing 14 licences with performance improvement plans in place and not extending 10 licences. Recommendations for not extending licences included:

- poor performance ratings for extended periods or the life of the licence
- outcomes that were consistently well below the outcomes of other licences operating in the same employment region
- limited support or engagement from providers
- lack of improvement after DEWR invested 'considerable time and resources' into improving processes and outcomes
- consistent poor feedback from stakeholders.

DEWR advised that if through its monitoring it becomes aware of provider compliance or performance issues, it also engages in a range of preventative and educative work



to address potential issues, such as publishing advice on its provider portal, targeted provider visits, and working 'directly with those providers on the correct application of the TCF as well as requiring them to rectify the identified issues'.

As discussed in Finding 5, DEWR and Services Australia are overturning provider decisions at a high rate. When incorrect decisions are being made by providers at such high percentages, we cannot be assured that DEWR's prevention and education strategies are sufficient or should not be complemented with a more rigorous approach to deterrence and sanctions. Given the program has been active for more than 3 years, we would have expected more compliance activities against providers.

Our concerns of the lack of transparency for provider performance were heightened when we observed that there appeared to be nominal compliance actions taken against providers. A lack of provider performance transparency combined with nominal compliance actions against providers, in an environment where a high rate of provider decisions are overturned, could point to an oversight design where providers are not being held accountable for poor performance.

In comparison, job seekers are very frequently subject to potentially catastrophic penalties for perceived failures to comply with mutual obligation requirements. In 2023-24, providers issued 1,373,295 income support suspensions to 734,220 job seekers; of these, 6,895 job seekers were subject to financial penalties.

Providers are paid significant amounts by the Australian government to deliver services to job seekers. In 2024-25 DEWR spent approximately \$1.256B on Workforce Australia, 74% of DEWR's spending on employment services.



### **Recommendation 8**

DEWR should review and update its current oversight activities to ensure compliance and monitoring activities consider the new data and trends emerging from DEWR's new complaints mechanism, the risk data monitoring app and the high overturn rates of provider decisions, and to actively address poor provider performance.

# Appendix A – Navigating the TCF as a job seeker

## The role of Workforce Australia employment service providers in the TCF

Workforce Australia providers are engaged by DEWR<sup>13</sup> to support and advise job seekers who need more intensive and individualised assistance to help get them job ready and connect to suitable, secure employment whilst helping them meet their mutual obligation requirements. Providers deliver services through a payment structure which recognises smaller caseloads and/or include more individuals facing disadvantage.<sup>14</sup>

To undertake this work, the Secretary of DEWR delegates legislative power to providers to make decisions about job seekers, including:

- setting mutual obligation requirements through job plans
- assessing whether job seekers have complied with mutual obligations or have valid reasons for not complying
- setting requirements to 'reconnect' with providers following a mutual obligation failure
- recording mutual obligation failures which result in demerits
- suspending income support payments.

Providers are also responsible for assessing job seekers' ability to meet their mutual obligation requirements during capability interviews.

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<sup>13</sup> DEWR administers the employment service providers engaged to deliver Workforce Australia Services; the Department of Social Services administers the employment service providers engaged to deliver the Disability Employment Services.

<sup>14</sup> [Workforce Australia – Information for providers factsheet – The Australian Government, Department of Employment and Workplace Relations.](#)



## Workforce Australia Online

Workforce Australia Online is the online service delivery element of the Workforce Australia employment services program. Job seekers who are assessed as being 'more job ready' are referred to Workforce Australia Online to access online tools, information and training to help them manage their mutual obligation requirements themselves.<sup>15</sup> Job seekers accessing Workforce Australia Online may choose to engage with a provider for additional support or they may be referred to a provider, if they are not making progress towards employment after 12 months or if they accrue 5 demerits in a 6-month period and are found capable of meeting their mutual obligations by Services Australia.

## Recording mutual obligation failures resulting in demerits

Providers are responsible for assessing whether to apply demerits for any failures to meet the mutual obligations set out in a job seeker's Job Plan. For example, a demerit may apply for a missed appointment or if the job seeker did not apply for the required number of jobs or behaved inappropriately during an appointment. If a job seeker accrues multiple demerits, they move through escalating compliance phases (from the Warning Zone to the Penalty Zone) that can lead to their income support being suspended, reduced and finally cancelled after repeated non-compliance.

Providers also conduct a Capability Interview with the job seeker following the issue of 3 demerits. If found capable by the provider of meeting their mutual obligations, the job seeker is at risk of entering the Penalty Zone if the provider issues 2 further demerits. Once a job seeker is in the Penalty Zone, decisions by providers that job seekers are not meeting their mutual obligation requirements can expose job seekers to automatic suspensions of income support and can lead to financial penalties, such as Services Australia reducing or cancelling the job seeker's income support.

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<sup>15</sup> [Workforce Australia employment services - The Australian Government, Department of Employment and Workplace Relations.](#)



## Systems validity checks by Services Australia

When Services Australia's computer system is advised of a 'non-compliance event', such as a mutual obligation failure, its systems conduct a validity check. This compares the date of the event with other events on the job seeker's record, such as an exemption or income, which may affect the validity of a non-compliance event. Where a non-compliance event is identified as invalid, the Services Australia system will not accept the compliance action and will notify DEWR.

Services Australia said that if an exemption or other event is recorded after a non-compliance event has been notified to Services Australia, and this event changes the outcome of that notification, any adverse action e.g. suspension, penalty, will be reversed and DEWR notified accordingly.

## Capability assessments conducted by Services Australia

If a job seeker accrues 5 demerit points in a six-month period or is fast tracked to a capability review because the provider records Job Interview or Job Referral non-compliance, the provider will refer the job seeker to Services Australia to conduct a capability assessment.

According to Services Australia internal guidance, job seekers are verbally informed by their provider of their need to complete a capability assessment with Services Australia, and that this will take approximately 30 minutes. The guidance provides that the capability assessment will be provided on the day the job seeker contacts Services Australia using the evidence available on record, and that officers are not to delay the assessment outcome by seeking further evidence unnecessarily.

Capability assessments involve checking the job seeker's Job Plan to ensure their requirements are appropriate. This includes considering the job seeker's current circumstances, including any barriers to meeting their mutual obligations. Where appropriate, Services Australia will also consult with social workers to assess impacts that may require further investigation, such as family and domestic violence.

It was pleasing to note that Service Australia officers have access to social workers while undertaking capability assessments and that social workers must be involved when a job seeker advises they are experiencing domestic violence.



## Reasonable excuse investigations conducted by Services Australia

In considering whether there is a reasonable excuse for non-compliance, Services Australia told us that job seekers are provided with the opportunity to respond to any adverse claims and staff may contact providers or relevant third parties to establish the facts. Services Australia told us that if a job seeker reports inappropriate behaviour about a provider, officers factor this advice into whether the job seeker has a reasonable excuse not to meet the requirements set by the provider. Services Australia also advises job seekers to report inappropriate behaviour by a provider to DEWR.

Services Australia advised us that it can send additional information to providers following a decision to reject a decision of a provider that a person has committed a mutual obligation failure without a valid reason. This can include why the decision was made and information that affects a job seeker's ability to meet their requirements, or that may affect how the provider delivers its employment services.

## Avenues of review available to job seekers

There are limited avenues of review available to job seekers. Services Australia told us that they do not review demerit decisions and job seekers are directed back to their provider or DEWR if they wish to dispute a demerit decision applied by the provider.

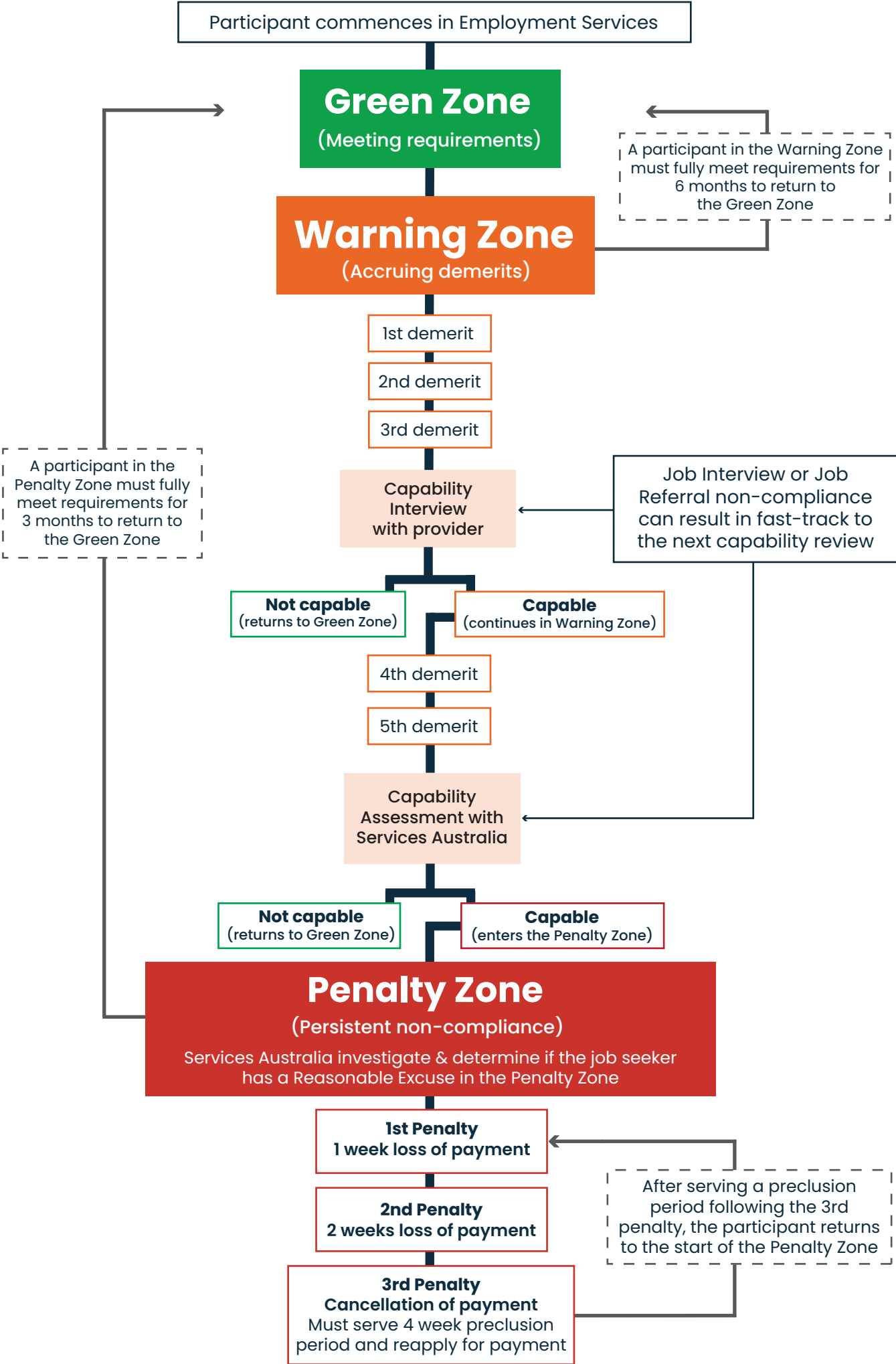
Job seekers can seek internal review by Services Australia of a limited number of provider decisions reviewed by Services Australia, such as job plan requirements and variations and suspensions. From there they can seek external review by the Administrative Reviews Tribunal.

## How can job seekers can make complaints?

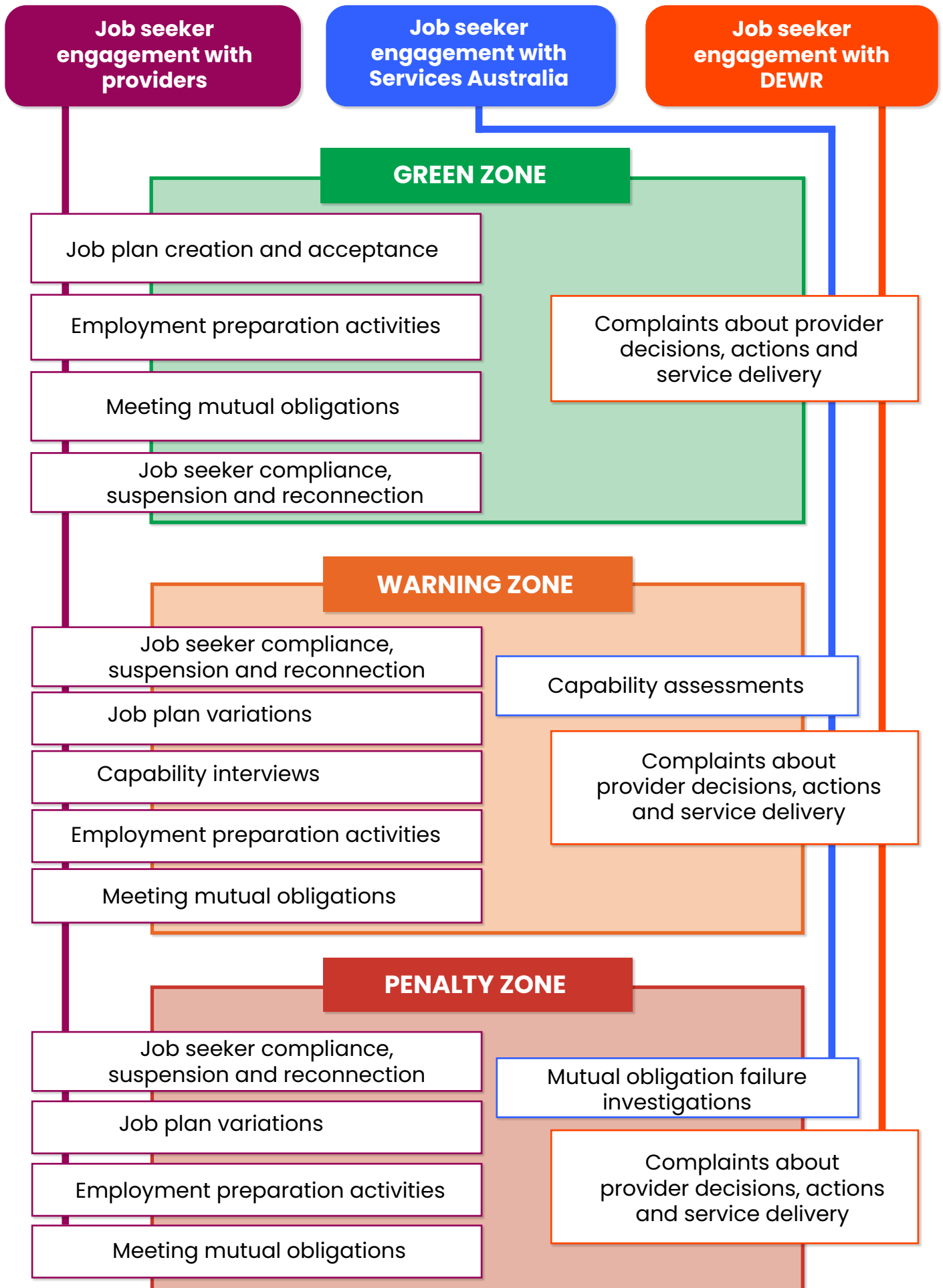
DEWR's website provides information about [making a complaint to the department](#). This page provides a link to a general [Complaints Factsheet](#) and a link to complaints specifically concerning [Making a complaint about Employment Services and Parent Pathways](#). On this page there is a link to a [Pre-employment and Employment Services complaints factsheet](#) which gives options for complaint making (e.g. online using a complaint webform, by phone and by mail) and the avenues for review where the person is unhappy about the outcome of their complaint culminating, if required, in contacting our Office for assistance.



# Appendix B – TCF Flowchart



# Appendix C – Workforce Australia Services– Job seeker engagement



# Glossary

Term	Definition
Capability Assessment	Where a job seeker in the Warning Zone receives 5 demerits, Services Australia will interview the job seeker to check the appropriateness of their requirements and whether there are factors affecting their compliance. If found capable of meeting requirements, the job seeker will enter the Penalty Zone. If found not capable of meeting requirements, the job seeker will return to the Green Zone with their demerits reset to zero.
Capability Interview	Where a job seeker in the Warning Zone receives 3 demerits, the provider will interview the job seeker to check the appropriateness of their requirements and whether there are factors affecting their compliance.
Demerit	If a job seeker in the Green Zone commits a mutual obligation failure without a valid reason they receive a demerit and enter the Warning Zone. Receipt of further demerits can mean the job seeker progresses through the Warning Zone and ultimately to the Penalty Zone.
Department of Employment and Workplace Relations (DEWR)	Broadly speaking, DEWR is responsible for the participation and compliance policy that job seekers are required to abide by. On 1 July 2022 the Department of Education, Skills and Employment (DESE) was split into the Department of Education and DEWR. For ease of reference this report refers to DEWR throughout, including when discussing actions that it would have taken when its functions were part of DESE.



Term	Definition
Employment consultant	Staff member of the provider who directly engages with the job seeker to deliver face to face employment services (e.g. will usually enter into and approve the job seeker’s Job Plan or set and manage their Mutual Obligation Requirements).
Fast tracked demerit	<p>A ‘fast track demerit’ or ‘fast track failure’ applies where the job seeker without a good reason does not complete a job referral task set by their provider, doesn’t go to a job interview scheduled by their provider or behaves inappropriately at a job interview scheduled by their provider.</p> <p>If the job seeker has less than 3 demerits, they will be fast tracked to a Capability Interview with their provider. If the job seeker is on 3 or 4 demerits, they are required to have a Capability Assessment with Services Australia.</p>
Job seeker	An eligible person between the ages of 22 and Age Pension age who is looking for and has the capacity to work.
Job seeker payment	A job seeker payment is one of the 4 income support payments that is subject to cancellation for persistent mutual obligation failure.
Income support payment	<p>Categories of income support payments that are subject to cancellation for persistent mutual obligation failure include:</p> <ul style="list-style-type: none"> <li>• jobseeker payment</li> <li>• youth allowance</li> <li>• parenting payment</li> <li>• special benefit.</li> </ul>



Term	Definition
Mutual obligations	Specified activities that job seekers must do in order to receive income support. These activities include attending meetings set by an Employment Services Provider, looking for jobs and generally engaging in activities aimed at helping job seekers find paid work.
Cancellation under section 42AF(2)(d)	A decision made under section 42AF(2)(d) of the <i>Social Security (Administration) Act 1999</i> to cancel a person's income support payment and apply a 4-week loss of support.
Reasonable Excuse	Services Australia will assess whether the job seeker in the Penalty Zone has a reasonable excuse for non-compliance with a mutual obligation requirement. The same non-exhaustive list of factors considered for assessing a Valid Reason (below) are also considered when assessing a reasonable excuse.
Services Australia	Services Australia is delegated the responsibility for delivering, reducing and cancelling income support for job seekers.
<i>Social Security (Administration) Act 1999</i>	Sets out the rules for administering social security payments and benefits. Referred to as the SSA Act in this report.
Suspension, reduction and cancellation of an income support payment	<p>A job seeker's income support may be affected 3 ways.</p> <p>Suspension of support which may be temporary with full resumption of support.</p> <p>Reduction of support where 1 or 2 weeks' support is forfeited.</p> <p>Cancellation of support where 4 weeks' support is forfeited.</p>



Term	Definition
Targeted Compliance Framework or TCF	Administrative framework divided into 3 zones (Green, Warning and Penalty) where a job seeker in the Penalty Zone risks suspension, reduction or cancellation of income support for mutual obligation failures. Refer to <b>Appendix B</b> for TCF Flowchart of escalating compliance phases.
Valid Reason	A job seeker’s employment service provider will assess whether a job seeker has a valid reason for non-compliance with a mutual obligation requirement. A non-exhaustive list of factors is considered when assessing a valid reason including whether the job seeker was ill, subject to domestic violence, had safe/secure housing, suffered illness or a medical or mental impairment.
Vulnerability Indicators	<p>Vulnerability indicators can include:</p> <ul style="list-style-type: none"> <li>• Family and Domestic Violence</li> <li>• Cognitive Or Neurological Impairment</li> <li>• Drug/Alcohol Dependency Which Impedes Compliance</li> <li>• Homeless: Beyond The Control Of The Customer</li> <li>• Illness/Injury Requiring Frequent Treatment</li> <li>• Significant Lack Of Literacy &amp; Language Skills</li> <li>• Psychiatric Problem Or Mental Illness</li> <li>• Recent Traumatic Relationship Breakdown</li> <li>• Significant Caring Responsibilities</li> <li>• Social Exclusion Issues</li> <li>• Court or legal issues.</li> </ul>



Our ref. A2539611

8 December 2025

**Ms Natalie James**

Secretary

Department of Employment and Workplace Relations

By email to:

Cc:



Dear Secretary *Natalie*

**Final Investigation report into the own motion investigation into the Targeted Compliance Framework (Report No. 2)**

Thank you for the Department of Employment and Workplace Relations' (DEWR's) response of 4 December 2025 to my draft investigation report regarding DEWR's and Services Australia's administration and remediation of the unlawful cancellation of participation payments under section 42AF(2) of the *Social Security (Administration) Act 1999* and the role of Employment Service Providers in the process.

I have carefully considered your response which includes apparent errors of fact (corrections and observations) as identified by DEWR. Where I have considered it appropriate, I have made minor clarifications to the report.

After carefully considering the agencies' responses, I am satisfied the criteria under sections 15(1) and (2) of the *Ombudsman Act 1976* (Cth) have been established. Accordingly, I make the final report *Fairness in the TCF: when decisions are made beyond your control* (**my report**). A copy of my report is **Attachment A**.

I am pleased DEWR has accepted my recommendations (and noted the suggestion), aimed at improving the administration of the Targeted Compliance Framework, to make it fairer for job seekers, many of whom have significant vulnerabilities.

OFFICIAL

In relation to recommendation 6, you have advised that any changes will be a matter for government. While I appreciate any proposal to change legislation will be a matter for government, this recommendation goes to DEWR's review of the automatic process within the TCF system, including considering whether any policy authority, or legislative change, is required to implement it. My staff will monitor DEWR's progress on these matters in reviewing whether it has implemented this recommendation.

My staff will follow up to monitor and assess the implementation of my recommendations. Where DEWR has not provided a clear timeframe of expected implementation, my staff will monitor with a view to assessing implementation in six months' time.

I thank you and your staff for your cooperation during the investigation and your engagement with my Office.

I have also provided a copy of my report to the Minister and Assistant Minister for Employment and Workplace Relations, the Minister for Government Services and the CEO of Services Australia.

As foreshadowed in my letter of 6 November 2025, I have decided to publish a copy of my report with DEWR's formal response attached to it. I have redacted personal information, where applicable. Publication will be on 9 December 2025.

Please note that until my report is published, it remains **under embargo** and must not be shared without my Office's express permission.

If you would like to speak with me directly, I am available on [REDACTED] Alternatively, if your staff would like to discuss my report, they may contact [REDACTED] Senior Assistant Ombudsman, on [REDACTED]

Yours sincerely

[REDACTED]

**Iain Anderson**  
**Commonwealth Ombudsman**

**Attachment A** - UNDER EMBARGO Final Report No.2 - *Fairness in the TCF: when decisions are made beyond your control.*

**Attachment B** - UNDER EMBARGO Media release



Secretary  
Natalie James

Mr Iain Anderson  
Commonwealth Ombudsman  
GPO Box 442  
Canberra ACT 2601

Dear Mr Anderson

Thank you for your letter dated 6 November 2025 and for the opportunity to respond to your draft investigation report into the remediation of income support cancellations and oversight of decisions made by employment service providers affecting job seekers in the Targeted Compliance Framework (Report No.2).

I appreciate the insights and recommendations provided within your report. I have accepted the recommendations contained in Report No. 2, as they pertain to the Department of Employment and Workplace Relations (the department).

The department's formal response is attached at Attachment A, while a table addressing errors of fact is provided at Attachment B.

Some of your recommendations are a shared responsibility between my department and Services Australia, and I confirm we will continue to work in partnership with Services Australia to ensure a holistic, system-wide and operational response to your recommendations.

In my response to your first report, *Automation in the TCF: when the law is changed but the system isn't*, I outlined the actions the department was already taking to address the issues identified with the lawful operation of the TCF. We had already established the TCF Integrity Assurance Program – to review, test and provide assurance that decision making under the TCF is operating in accordance with the legislative framework. This program of work is responding to the themes and recommendations which have emerged from your reports, as well as findings from our legal and assurance reviews.

Our employment services complaints mechanism, established in October 2024, continues to mature. Together with Services Australia we are working to improve our systems and guidance to deliver better, and more robust decision-making under social security law. The department has incorporated the findings and recommendations from your second report, into this work as a priority.

Your latest report provides insights as to how the compensation process was administered by my department for people impacted by decisions which cancelled their social security payments for persistent mutual obligation failure decisions under section 42AF(2)(d) of the *Social Security (Administration) Act 1999* (Administration Act).

I consider the process for compensation was fair and reasonable given the circumstances and options available to the department. Compensation was undertaken under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme and our approach was designed in line with requirements under the scheme. This bespoke process and related communication materials were designed in consultation with civil society peak bodies, as well as Services Australia. This engagement provided valuable input to the design and clarity of the process which was fit for purpose and balanced the need for timely compensation outcomes without adding administrative burden on impacted people. DEWR considers there is always scope for improvement and is committed to testing communication products with job seekers, and including feedback from the Ombudsman and other key stakeholders going forward.

On 12 November 2025 your office requested a further update on this compensation process. In determining initial compensation for detriment caused by defective administration, the department conducted reviews of 985 cancellation decisions impacting 964 people. To date, 651 people have been recommended for compensation without needing to provide additional information, with a combined total of \$936,124.80. With the assistance of Services Australia, 604 people have received compensation payment totalling \$872,963.80. All affected individuals who could be contacted have been advised of the process and invited to provide further information to support of a compensation claim. The requested information is provided in Attachment C.

If your office would like further information about this response, please contact [REDACTED] at [REDACTED] or my office.

Yours sincerely  
[REDACTED]

Natalie James  
4 December 2025

Encl.

DEWR Response to draft investigation report – *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*

Ombudsman recommendation response template		
Recommendation	Entity Response to recommendations	Action entity proposes to take and expected timeframes for implementation
<p><b>Recommendation 1 (a):</b> DEWR and Services Australia should ensure public information regarding the pause of any cancellation decisions made by the Secretary of DEWR is relevant, accurate and up to date.</p>	<p><input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Not accepted</p> <p>If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> DEWR is committed to communicating clearly and transparently concerning the pause of decisions which reduce or cancel a person’s social security participation payments, to ensure information is relevant, accurate and current.</p> <p>DEWR has reviewed information on our website to ensure content on these decisions is current. We will continue to update the website with relevant and timely information on any further decisions regarding the pause of payment cancellation decisions made by the Secretary.</p> <p><b>Expected timeframes:</b> Immediate and ongoing</p> <p><b>Justification for timeframes:</b> N/A</p>
<p><b>Recommendation 1 (b):</b> DEWR should ensure remediation is fair and reasonable by:</p> <p>(i) using clear and simple language to explain in the communication material to the affected person the decision that led to the administrative error, the process of remediation, the decision and the outcome.</p>	<p><input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Not accepted</p> <p>If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> DEWR considers that the process of compensation for people impacted by decisions under section 42AF(2)(d) of the <i>Social Security (Administration) Act 1999</i> was fair and reasonable given the circumstances and options available to the department. Compensation was carried out under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme and the approach was designed in line with requirements under the scheme.</p> <p>In the first instance, DEWR reviewed information available in the department’s IT systems to support 603 people being recommended for compensation without the need for further information being provided to the department.</p>

DEWR Response to draft investigation report – *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*

Ombudsman recommendation response template		
Recommendation	Entity Response to recommendations	Action entity proposes to take and expected timeframes for implementation
<p>(ii) considering the total impact an administrative error can cause on a job seeker which includes economic and non-economic losses.</p> <p>(iii) ensuring all relevant and available information is considered.</p> <p>(iv) inviting and assisting the affected person to provide more information on their losses prior to making a compensation decision.</p>		<p>Where there was insufficient information in the IT systems to find detriment had occurred, 361 people were invited to provide further information to support consideration for compensation. All affected individuals who could be contacted, have also been advised of the availability of additional compensation for detriment that exceeds loss of payment for the relevant period, and the streamlined process to apply.</p> <p>This bespoke process and related communication materials were designed in consultation with civil society peak bodies, as well as Services Australia. This improved the design and clarity of the process and balanced the need for timely compensation outcomes without adding administrative burden on impacted people.</p> <p>DEWR considers there is always scope for improvement and what we have learnt from this process will inform the design of any future process. DEWR continues to be committed to testing communication products with jobseekers and including feedback from the Ombudsman and other key stakeholders.</p> <p><b>Expected timeframes:</b> The comprehensive review of payment cancellations under section 42AF(2)(d) has been completed. All affected individuals have been given an opportunity to provide additional information and claims for additional compensation. There is no end date on people being able to provide relevant material to seek compensation under this CDDA process.</p> <p>DEWR will incorporate feedback from the Ombudsman and other key stakeholders into any future remediation processes.</p> <p><b>Justification for timeframes:</b> N/A</p>

DEWR Response to draft investigation report – *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*

Ombudsman recommendation response template		
Recommendation	Entity Response to recommendations	Action entity proposes to take and expected timeframes for implementation
<p><b>Recommendation 2:</b> DEWR establish processes and provide guidance to providers to improve record keeping and ensure accurate and complete information about a job seeker’s circumstances (including relevant and historical information) is provided to Services Australia for capability assessments and mutual obligation failure investigations.</p>	<p><input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Not accepted If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> DEWR is undertaking a comprehensive review of Targeted Compliance Framework process, IT systems and guidance materials for decision-makers under the social security law to ensure they are clear and support robust decision-making and record keeping.</p> <p>DEWR will review the guidance and tools that support capability assessment and identify any system improvements needed to ensure all relevant information is captured and visible to both employment services providers and Services Australia to drive greater improvement in client servicing.</p> <p><b>Expected timeframes:</b> Reviews are underway and ongoing. Updates to guidance materials and IT systems have commenced will continue to occur progressively throughout 2026.</p> <p><b>Justification for timeframes:</b> Reviews are underway. IT system enhancements will be informed by reviews and may require updates to both DEWR and Services Australia IT systems with any associated funding to be considered through budget processes.</p>
<p><b>Recommendation 3:</b> Services Australia should update written correspondence to job seekers about penalty decisions using simple, clear language. Written correspondence should inform the job seeker about:</p>	<p><input type="checkbox"/> Accepted <input type="checkbox"/> Not accepted If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> DEWR notes this recommendation and agrees that it is important for people to have access to clear information on their review rights.</p> <p>DEWR will work with Services Australia to support the review of penalty correspondence with a view to provide job seekers a clearer explanation about reasonable excuse and penalty decisions.</p>

DEWR Response to draft investigation report – *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*

Ombudsman recommendation response template		
Recommendation	Entity Response to recommendations	Action entity proposes to take and expected timeframes for implementation
<p>(a) the reasons for the decision along with an explanation about what constitutes a failure to provide a reasonable excuse</p> <p>(b) why in the job seeker’s particular case it was considered they did not meet the requirement</p> <p>(c) their rights of review or appeal and</p> <p>(d) terms of a legal or unfamiliar nature so that the job seeker is best able to understand what these terms mean.</p>		<p><b>Expected timeframes:</b> DEWR notes the timeframe proposed by Services Australia and will work constructively to meet this.</p> <p><b>Justification for timeframes:</b> N/A</p>
<p><b>Recommendation 4:</b> DEWR and Services Australia review and update their information and communication to the public and job seekers about the review and complaints processes available to them. Materials should provide clear and transparent information and delineate the roles and responsibilities of the agencies involved.</p>	<p><input checked="" type="checkbox"/> <b>Accepted</b></p> <p><input type="checkbox"/> <b>Not accepted</b> If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> DEWR will work with Services Australia to review and develop clear and consistent information about complaints and review processes, including the clear delineation between the roles and responsibilities of each agency.</p> <p><b>Expected timeframes:</b> Within first half of 2026.</p> <p><b>Justification for timeframes:</b> DEWR will work with Services Australia to prioritise this action to ensure job seekers are able to easily identify the correct channel to submit a complaint or request a review of decision.</p>

DEWR Response to draft investigation report – *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*

Ombudsman recommendation response template		
Recommendation	Entity Response to recommendations	Action entity proposes to take and expected timeframes for implementation
<p><b>Recommendation 5:</b> DEWR improve the decision-making of providers by:</p> <p>(a) Reviewing data on overturn rates of provider decision-making to develop targeted assurance activities to address inefficiencies and identify opportunities for improvement, whilst establishing feedback loops to ensure providers are receiving information on overturned decisions to further support learning and improvement.</p> <p>(b) Implementing further quality assurance by conducting regular reviews to identify and correct trends with individual providers as required.</p>	<p><input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Not accepted If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> DEWR understands the importance of robust decision-making processes and will continue to work with providers to ensure that decisions that impact on social security participation payments are accurate, appropriate and lawful.</p> <p>DEWR is continuing to mature and improve assurance and monitoring processes with a focus on provider learning, feedback loops and improved decision-making. The availability of relevant data to support these processes is improving, including through the collection of data via DEWR's complaints service.</p> <p>Assurance activities will be focused in response to tip-offs, complaints and other data analysis that identifies any emerging trends that warrant investigation.</p> <p>These activities build on actions outlined at recommendations 2 and 8 to strengthen DEWR's monitoring and assurance activities.</p> <p><b>Expected timeframes:</b> Ongoing</p> <p><b>Justification for timeframes:</b> Builds on existing assurance activities and recent improvements implemented in response to the department's Targeted Compliance Framework program of assurance.</p>
<p><b>Recommendation 6:</b> DEWR and Services Australia review the automatic process to suspend a job seeker's income support in the Penalty Zone, ideally to provide job</p>	<p><input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Not accepted If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> DEWR will consider options for including 5 business days' resolution time for mutual obligations failures occurring in the Penalty Zone of the Targeted Compliance Framework.</p>

DEWR Response to draft investigation report – *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*

Ombudsman recommendation response template		
Recommendation	Entity Response to recommendations	Action entity proposes to take and expected timeframes for implementation
seekers with 5 days to reconnect or provide a valid reason for any mutual obligation failure prior to suspension.		<p>Any changes will be a matter for government.</p> <p><b>Expected timeframes:</b> Dependent on government consideration.</p> <p><b>Justification for timeframes:</b> Subject to government policy consideration.</p>
<p><b>Recommendation 7:</b></p> <p>(a) DEWR should not award ‘moderate’ ratings to providers for criteria where there is insufficient data, but should instead document and publish these criteria as ‘not assessed’.</p> <p>(b) DEWR should publish meaningful and granular detail on ratings for each provider, including the reasons for the overall ratings and for the rating against each assessment module.</p>	<p><input checked="" type="checkbox"/> Accepted</p> <p><input type="checkbox"/> Not accepted</p> <p>If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b></p> <p>DEWR agrees with increasing the transparency of provider performance for all Workforce Australia Services licences.</p> <p>DEWR will change the practice of awarding a ‘moderate’ rating when there is insufficient data’ available, to now be a rating of ‘INS’ – ‘insufficient data’.</p> <p>DEWR currently publishes all 12 measure level ratings, 5 module level ratings and overall ratings for the 169 licences on its website. Over the next 12 months, DEWR will work towards providing more meaningful detail and clear explanations on the Provider Performance Framework, performance measures and provider performance ratings on its website.</p> <p><b>Expected timeframes:</b></p> <p>(a) Within first quarter of 2026.</p> <p>(b) By December 2026</p> <p><b>Justification for timeframes:</b></p> <p>(a) The December 2025 quarterly provider performance ratings are the earliest opportunity to action this recommendation.</p>

DEWR Response to draft investigation report – *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*

Ombudsman recommendation response template		
Recommendation	Entity Response to recommendations	Action entity proposes to take and expected timeframes for implementation
		(b) A comprehensive review of the performance framework, and associated detailed data will commence in early 2026. Testing and analysis will take dedicated resources and time to implement.
<p><b>Suggestion 1</b> DEWR should continue to develop its complaints mechanism to identify trends to detect systemic issues and behavioral patterns of providers and create feedback loops into DEWR's oversight processes.</p>	Noted	<p><b>Proposed action:</b> DEWR's complaints service recently reached 12 months of operation with the inaugural Complaints report published on the department's website in September 2025.</p> <p>This report provides the first 6 months of employment and pre-employment services complaints data: <a href="https://www.dewr.gov.au/employment-services-complaints">Complaints service reports - Department of Employment and Workplace Relations, Australian Government</a> (<a href="https://www.dewr.gov.au/employment-services-complaints">https://www.dewr.gov.au/employment-services-complaints</a>)</p> <p>DEWR will continue to mature the operations of the complaints service and its oversight function. Insights gathered will be used to identify trends, behavioural insights, and systemic issues. These insights will be shared to inform and improve policy, program, service delivery and governance.</p> <p><b>Expected timeframes:</b> Ongoing</p> <p><b>Justification for timeframes:</b> The complaints data only has 12 months to draw on at this point. As more data becomes available, trends and patterns will be able to more easily be identified and used to inform assurance and monitoring activities.</p>

DEWR Response to draft investigation report – *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*

Ombudsman recommendation response template		
Recommendation	Entity Response to recommendations	Action entity proposes to take and expected timeframes for implementation
<p><b>Recommendation 8:</b> DEWR should review and update its current oversight activities to ensure compliance and monitoring activities consider the new data and trends emerging from DEWR's new complaints mechanism, the risk data monitoring app and the high overturn rates of provider decisions, and to actively address poor provider performance.</p>	<p><input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Not accepted If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> Complaints data will be shared and accessible to DEWR staff responsible for the assurance and monitoring of decisions which either suspend, reduce or cancel a person's social security payments.</p> <p>Complaints, insights and early intelligence will also be shared with relevant governance committees to ensure early visibility of emerging new issues regarding the operation and management of employment and pre-employment services, and to inform future assurance planning.</p> <p><b>Expected timeframes:</b> This work has commenced and is ongoing.</p> <p><b>Justification for timeframes:</b> This action has been prioritised, is underway and is being embedded in DEWR's assurance and business planning activities.</p>

**Ombudsman’s Investigation into the Targeted Compliance Framework—Draft Report 2 – Errors of Fact**

**Report title:** Fairness in the Targeted Compliance Framework—when decisions are made beyond your control

Page / Location	Draft Report Content	Corrections / Observations	Supporting evidence
Pg 10 Paragraph 1	If a job seeker's payment is cancelled, they lose four weeks of income support and will need to make a new application for assistance. Furthermore, there is a 4 week waiting period for payments to resume after a job seeker's payment is cancelled.	<p>This statement suggests a jobseeker will experience two 4-week periods without income support once their payment is cancelled under section 42AF(2)(d). That is not correct.</p> <p>Under the <i>Social Security (Administration) Act 1999</i>, for income support payments cancelled under paragraph 42AF(2)(d) there is no linked preclusion period, after 4-weeks a person can receive income support again, subject to ordinary claim arrangements.</p> <p>For example, a person would not experience a total exclusion period of more than 4 weeks because of the payment cancellation if they re-apply for payment.</p>	<ul style="list-style-type: none"> <li>Refer to the Department’s response to RFI No.1—Question 5.</li> <li><a href="#">SOCIAL SECURITY (ADMINISTRATION) ACT 1999 - SECT 42AP Cancelling participation payments - 42AP(5)<sup>1</sup></a></li> </ul>
Pg 12 Diagram	Flowchart - DEWR’s approach to compensating affected job seekers.	<p>The flowchart in the draft report does not accurately reflect the process followed by DEWR – please see the Standard Operating Procedures.</p> <p>DEWR reviewed information available in the department’s IT systems to support people being recommended for compensation without the need for further information being provided to the department.</p> <p>Where there was insufficient information in the IT systems to find detriment had occurred, people were invited to provide further information to support consideration for compensation.</p> <p>The initial recommendation for compensation was not reliant on further information being provided.</p>	<ul style="list-style-type: none"> <li>Department’s response to RFI No.2—Attachment 7.00.B—Standard Operating Procedures</li> </ul>
Pg 19 Table 1: Decision-making within the TCF Workforce Australia Services Program	Decisions made by Providers: Exempting certain job seekers from their job plan.	<p>The Employment Secretary has delegated authority under the Secretary of the Department of Workplace Relations Delegation 2025 to personnel for a range of decision-making under the <i>Social Security (Administration) Act 1999</i>. This includes:</p> <ul style="list-style-type: none"> <li>The Chief Executive Centrelink</li> <li>A range of departmental officers at the APS Levels, Executive Levels and SES Bands, including Account Managers</li> <li>Persons engaged under labour hire agreements with the National Customer Service Line or Digital Services Contact Centre</li> <li>Persons engaged by a service providers to provide services under employment services contracts or deeds.</li> </ul> <p>Under this delegation instrument, providers have not been delegated authority to exempt participants from their Job Plan requirements.</p> <p>Rather, under the above delegation instrument, Services Australia has delegated authority to exempt participants from their Job Plan requirements under certain provisions.</p>	<ul style="list-style-type: none"> <li>Department’s response to RFI No.1—Attachment 5—Social Security (Administration) (Secretary of the Department of Employment and Workplace Relations) Delegation 2022</li> <li>Department’s response to RFI No. 2—Clarifying follow-up questions—Question 12—Attachment C.12A</li> <li>Social Security (Administration) Secretary of the Department of Workplace Relations Delegation 2025</li> </ul>
Pg 22 Second last paragraph	Services Australia’s decisions on capability assessments and mutual obligation failure investigations ( <b>Penalty Zone assessments</b> ) can lead to a job seeker being moved into	Under the Targeted Compliance Framework, a job seeker generally enters the Penalty Zone, if after 5 times (within a 6-month period) they do not meet their mutual obligation requirements without a valid reason.	<ul style="list-style-type: none"> <li>Department’s response to RFI No.1—Question 1.2</li> <li><a href="#">Workforce Australia Guidelines – Part B Workforce Australia Services - Department of Employment and Workplace Relations, Australian Government</a> (Chapter 12)<sup>2</sup></li> </ul>

<sup>1</sup> ([https://classic.austlii.edu.au/au/legis/cth/consol\\_act/ssa1999338/s42ap.html](https://classic.austlii.edu.au/au/legis/cth/consol_act/ssa1999338/s42ap.html))

<sup>2</sup> (<https://www.dewr.gov.au/workforce-australia/resources/workforce-australia-guidelines-part-b-workforce-australia-services>)

Page / Location	Draft Report Content	Corrections / Observations	Supporting evidence
	the Penalty Zone and face a financial penalty once there	<p>At this point, a job seeker will have a Capability Assessment with Services Australia so they can assess if their mutual obligation requirements are suitable to their circumstances. The job seeker will enter the Penalty Zone when the outcome of the Capability Assessment is capable of meeting their mutual obligation requirements.</p> <p>Once a job seeker is in the Penalty Zone, if the provider records that the job seeker does not have a valid reason for not complying with a compulsory mutual obligation requirement a non-compliance report will be submitted to Services Australia to investigate the mutual obligation failure.</p>	<ul style="list-style-type: none"> <li>• Department’s response to RFI No. 2—Clarifying follow-up questions—Question 12—Attachment C.12A</li> <li>• Social Security (Administration) (Non-Compliance) Determination 2018 (No. 1)</li> <li>• <a href="#">3.11.13.20 Capability interviews &amp; capability assessments   Social Security Guide</a><sup>3</sup></li> <li>• <a href="#">Mutual obligation failures under the Targeted Compliance Framework 001-18030208</a><sup>4</sup></li> <li>• <a href="#">Capability Assessments 001-18030203</a><sup>5</sup></li> </ul>
Pg 34 First paragraph below heading	Over a 3-month period from 1 July 2024 – 30 September 2024, <b>Services Australia capability assessments overturned 51% of provider decisions.</b> 60% of these cases were overturned because the job seeker disclosed new information.	<p>Capability Assessments do not ‘overturn’ a previous decision made by a provider.</p> <p>Capability Assessments are the process used by Services Australia to determine whether the requirements in a jobseeker’s Job Plan are appropriate for their circumstances and whether there are barriers and/or vulnerabilities that should be taken into account.</p> <p>If the Capability Assessment finds that there were relevant considerations/circumstances affecting the person’s ability to meet requirements, or if the requirements are otherwise inappropriate for the job seeker, they will return to the Green Zone with their demerits reset to zero.</p> <p>Delegates are required to adjust the job seeker's Job Plan/requirements to take into consideration new information about the job seeker's circumstances.</p>	<ul style="list-style-type: none"> <li>• Department’s response to RFI No.1—Question 1.2</li> <li>• <a href="#">Workforce Australia Guidelines – Part B Workforce Australia Services - Department of Employment and Workplace Relations, Australian Government</a> (Chapter 12)<sup>6</sup></li> <li>• <a href="#">3.11.13.20 Capability interviews &amp; capability assessments   Social Security Guide</a><sup>7</sup></li> <li>• <a href="#">Capability Assessments 001-18030203</a><sup>8</sup></li> </ul>
Pg 39 First paragraph after textbox	We understand that providers are assessed twice a year, and the assessment includes voluntary self-assessment and DEWR’s review of assurance and oversight activity intelligence, stakeholder feedback and provider-supplied information.	Workforce Australia Services provider performance is assessed 4 times a year (quarterly). Service Delivery Assessments are conducted twice yearly.	<ul style="list-style-type: none"> <li>• Department’s response to RFI No.1—Question 1.2—<a href="#">Workforce Australia Guidelines – Part B Workforce Australia Services - Department of Employment and Workplace Relations, Australian Government</a> (Chapter 12)<sup>9</sup></li> </ul>
Pg 51 Paragraph 2 and 3	<p>In comparison, job seekers are very frequently subject to potentially catastrophic penalties for perceived failures to comply with mutual obligation requirements. In 2023-24, providers issued 1,373,295 income support suspensions to 734,220 job seekers; of these, 6,895 job seekers had their income support cancelled.</p> <p>Providers are paid significant amounts by the Australian government to deliver services to job seekers. In 2024-25 <b>DEWR spent almost</b></p>	<p>The 6,895 figure appears to be the sum of payment reductions and payment cancellations for persistent mutual obligation failures and compliance events for work refusal failures and unemployment failures in 2023-2024, from public data on Workforce Australia Services.</p> <p>Not all of these events were for payment cancellations due to persistent mutual obligation failures as stated in the report. Instead, using the same public data set, 480 job seekers in Workforce Australia Services had their income support cancelled for persistent failure to comply with mutual obligation requirements in 2023-24 (rather than 6,895).</p> <p>Table 2.1.1 of the Portfolio Budget Statement outlines an estimate of expenditure, not actual expenditure.</p>	<ul style="list-style-type: none"> <li>• Job Seeker Compliance Data—<a href="#">Job seeker compliance data - Department of Employment and Workplace Relations, Australian Government</a><sup>10</sup></li> <li>• DEWR Annual Report—<a href="#">Annual Reports - Department of Employment and Workplace Relations, Australian Government</a>, Table D.1.<sup>11</sup></li> </ul>

<sup>3</sup> <https://guides.dss.gov.au/social-security-guide/3/11/13/20>

<sup>4</sup> <https://operational.servicesaustralia.gov.au/public/Pages/job-seekers/001-18030208-01.html>

<sup>5</sup> <https://operational.servicesaustralia.gov.au/public/Pages/job-seekers/001-18030203-01.html>

<sup>6</sup> <https://www.dewr.gov.au/workforce-australia/resources/workforce-australia-guidelines-part-b-workforce-australia-services>

<sup>7</sup> <https://guides.dss.gov.au/social-security-guide/3/11/13/20>

<sup>8</sup> <https://operational.servicesaustralia.gov.au/public/Pages/job-seekers/001-18030203-01.html>

<sup>9</sup> <https://www.dewr.gov.au/workforce-australia/resources/workforce-australia-guidelines-part-b-workforce-australia-services>

<sup>10</sup> <https://www.dewr.gov.au/employment-services-data/job-seeker-compliance-data>

<sup>11</sup> <https://www.dewr.gov.au/about-department/corporate-reporting/annual-reports>

Page / Location	Draft Report Content	Corrections / Observations	Supporting evidence
	<b>\$1.39B</b> on Workforce Australia, which was almost 75% of DEWR's spending on employment services.	The 2024-25 Actual Administered expenditure for Workforce Australia was \$1,256,190,000 (74% of DEWR's expenditure on Employment Services). DEWR notes that this figure encompasses various costs involved in administering the Workforce Australia program and is not reflective of provider specific expenditure.	
Pg 52 Appendix A Paragraph 2, point 2	To undertake this work the Secretary of DEWR delegates legislative power to Providers to make decisions about job seekers, including: [...] assessing job seekers' ability to meet their mutual obligation requirements through capability interviews'.	Providers do not exercise legislative power in assessing a person's ability to meet their mutual obligation requirements through capability interviews.  Rather, providers exercise legislative power to require a person to attend an appointment, at which a capability interview is conducted.	<ul style="list-style-type: none"> <li>Department's response to RFI No. 2—Clarifying follow-up questions—Question 12—Attachment C.12A</li> <li>Social Security (Administration) (Non-Compliance) Determination 2018 (No. 1)</li> </ul>
Pg 53 Appendix A Paragraph 3	Providers also conduct a Capability Interview with the job seeker following the issue of 3 demerits. If found capable by the provider, the job seeker is at risk of entering the Penalty Zone if the provider issues 2 further demerits.	This statement does not include the timeframe for demerits to be accrued prior to capability interviews and assessments occurring.  Providers conduct a Capability Interview with the job seeker following the issue of 3 demerits in a <b>6 month period</b> . If found capable by the provider, the job seeker is at risk of entering the Penalty Zone if the Provider issues 2 further demerits <b>within the 6 month period</b> . The jobseeker will only enter the Penalty Zone if they are found capable of meeting their mutual obligation requirements at the Capability Assessment with Services Australia.	<ul style="list-style-type: none"> <li>Section 42AF, <i>Social Security Administration Act 1999</i></li> <li>Department's response to RFI No. 1—Question 1.2—<a href="#">Workforce Australia Guidelines – Part B Workforce Australia Services - Department of Employment and Workplace Relations, Australian Government</a> (Chapter 12)<sup>12</sup></li> <li><a href="#">3.11.13.20 Capability interviews &amp; capability assessments   Social Security Guide</a><sup>13</sup></li> </ul>
Pg 55 Appendix A First paragraph after heading	Once a job seeker is in the Penalty Zone, if their provider decides they have not given a valid reason for not meeting a mutual obligation requirement, the job seeker's payment is automatically suspended while Services Australia investigates whether the job seeker has a reasonable excuse for the mutual obligation failure.	Services Australia does not assess 'reasonable excuse' for payment suspensions.  Following a suspension, providers assess whether a person had a valid reason for the mutual obligation failure. Generally, the jobseeker's payment remains suspended until they meet a reconnection requirement or until the provider records a valid reason.	<ul style="list-style-type: none"> <li>Department's response to RFI No.1—Question 5</li> <li><a href="#">Social Security (Administration) Act 1999 - Federal Register of Legislation</a><sup>14</sup></li> <li>Section 42AL, <i>Social Security (Administration) Act 1999</i>—<a href="#">SOCIAL SECURITY (ADMINISTRATION) ACT 1999 - SECT 42AL Payment suspension periods for mutual obligation failures and work refusal failures</a><sup>15</sup></li> </ul>
Pg 57 Appendix B Flowchart	Placement of '1st demerit'  Description: Job interview or Job Referral non-compliance can result in fast-track to the next capability review	The flowchart indicates that a job seeker moves from the Green Zone to the Warning Zone without a demerit point. A job seeker moves from the Green Zone to the Warning Zone when there is a mutual obligation failure, there is no valid reason which is when the first demerit is accrued.  Job interview or Job Referral non-compliance can result in fast-track to the next capability review (a Capability Interview completed by a Provider or a Capability Assessment completed by Servies Australia).	<ul style="list-style-type: none"> <li>Department's response to RFI No.1—Question 1.2—<a href="#">Workforce Australia Guidelines – Part B Workforce Australia Services - Department of Employment and Workplace Relations, Australian Government</a> (Chapter 12)<sup>16</sup></li> <li>Department's response to RFI No.2—Question 6.5</li> <li>Department's response to RFI No.2—Attachment 6.05.D—Targeted Compliance Framework —Flow chart</li> </ul>
Pg 62 Glossary 'Valid Reason'	A job seeker's employment service provider will assess whether a job seeker in the Warning Zone has a valid reason for non-compliance with a mutual obligation requirement.	A job seeker's employment service provider will assess whether a job seeker has a valid reason for non-compliance with a mutual obligation requirement regardless of whether they are in the Penalty Zone.	<ul style="list-style-type: none"> <li>Department's response to RFI No.1—Question 1.2—<a href="#">Workforce Australia Guidelines – Part B Workforce Australia Services - Department of Employment and Workplace Relations, Australian Government</a> (Chapter 12)<sup>17</sup></li> </ul>

<sup>12</sup> <https://www.dewr.gov.au/workforce-australia/resources/workforce-australia-guidelines-part-b-workforce-australia-services>

<sup>13</sup> <https://guides.dss.gov.au/social-security-guide/3/11/13/20>

<sup>14</sup> <https://www.legislation.gov.au/C2004A00580/latest/text>

<sup>15</sup> [https://classic.austlii.edu.au/au/legis/cth/consol\\_act/ssa1999338/s42al.html](https://classic.austlii.edu.au/au/legis/cth/consol_act/ssa1999338/s42al.html)

<sup>16</sup> <https://www.dewr.gov.au/workforce-australia/resources/workforce-australia-guidelines-part-b-workforce-australia-services>

<sup>17</sup> <https://www.dewr.gov.au/workforce-australia/resources/workforce-australia-guidelines-part-b-workforce-australia-services>

Page / Location	Draft Report Content	Corrections / Observations	Supporting evidence
Pg 63 Glossary 'Vulnerability Indicators'	<p>Vulnerability indicators can be any one of the following:</p> <ul style="list-style-type: none"> <li>• financial hardship</li> <li>• financial exploitation</li> <li>• failure to undertake reasonable self-care</li> <li>• homelessness or risk of homelessness.</li> </ul> <p>These indicators are further defined in the Australian Government Social Security Guide found <a href="#">here</a>.</p>	<p>The vulnerability indicators identified and linked within the draft report are for income management (Social Security Guide 11.4.2.20).</p> <p>The vulnerability indicators considered in cancellation decisions under section 42AF(2), cover a range of circumstances, including:</p> <ul style="list-style-type: none"> <li>• Family and Domestic Violence</li> <li>• Cognitive Or Neurological Impairment</li> <li>• Drug/Alcohol Dependency Which Impedes Compliance</li> <li>• Homeless: Beyond The Control Of The Customer</li> <li>• Illness/Injury Requiring Frequent Treatment</li> <li>• Significant Lack Of Literacy &amp; Language Skills</li> <li>• Psychiatric Problem Or Mental Illness</li> <li>• Recent Traumatic Relationship Breakdown</li> <li>• Significant Caring Responsibilities</li> <li>• Social Exclusion Issues</li> <li>• Court or legal issues</li> </ul>	<ul style="list-style-type: none"> <li>• Department's response to RFI No. 1—Question 3.1</li> </ul>

**Remediation of payment cancellation decisions for persistent mutual obligation failures**

In July 2024, the Department of Employment and Workplace Relations (the department) became concerned that payment cancellation decisions for persistent mutual obligation failures (section 42(AF)(2)(d) of the *Social Security (Administration) Act 1999*) between April 2022 and July 2024 may not have been validly made. Payment cancellations under section 42(AF)(2)(d) were stopped on 4 July 2024 and remain paused.

Between 8 April 2022 and 4 July 2024, 964 individual people had a combined total of 985 payment cancellation decisions applied due to persistent mutual obligations failures. All people across this cohort who could be contacted, have been advised of the availability of additional compensation for detriment that exceeds loss of payment for the relevant period and the process to apply.

The department conducted a comprehensive review of all 985 payment cancellations and reviewed information available in the department's IT systems to support 603 people being recommended for compensation without the need for further information being provided to the department.

Where there was insufficient information in the IT systems to find detriment had occurred, 361 people were invited to provide further information to support consideration for compensation. Following this invitation, 54 people provided additional information to support a secondary review, and of these, 37 people were recommended for compensation. In addition to the 37 people recommended for compensation, following a secondary review of information on the department's IT systems, an additional 11 of the 361 people were recommended for compensation.

As at 1 December 2025, 651 people have been recommended for compensation under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme, with a combined total compensation of \$936,124.80. With the assistance of Services Australia, 604 people have received compensation payment totalling \$872,963.80.

On 12 November 2025 the Ombudsman's Office requested an update on DEWR's remediation for those affected by payment cancellation decisions under section 42(AF)(2)(d) of the *Social Security (Administration) Act 1999*. The questions and respective answers are below.

**Question 1: How many recommendations has DEWR made for immediate compensation?**

*Answer:*

Through the initial review process to pay compensation without the need for any additional information, the DEWR recommended payment of 603 people. However, of these, it was later identified that one person had transferred to another payment type and had already received a social security participation payment for the period that had previously been cancelled. This meant the individual did not lose any of their regular payment and no financial detriment had occurred, making them ineligible for payment under the CDDA Scheme.

Following secondary review of information in the department's IT system, a further 11 people were recommended for compensation.

**Question 2: Of the people whom DEWR did not recommend compensation, how many people provided additional information to support a secondary review? Have they been repaid and if so, how much has been repaid?**

*Answer:*

361 people were asked to provide further information to be considered for compensation, as a decision could not be made on initial review of information. Following this notification, 54 people provided additional information to support a secondary review, and of these, 37 people were recommended for compensation with a combined total of \$50,290.52.

**Question 3: Of the people whom DEWR did recommend compensation, how many people have been repaid? How much has been repaid?**

*Answer:*

As at 1 December 2025, 604 people have been repaid a combined total of \$872,963.80.

**Question 4: Of the people who have been repaid, how many have applied for additional compensation under CDDA?**

*Answer:*

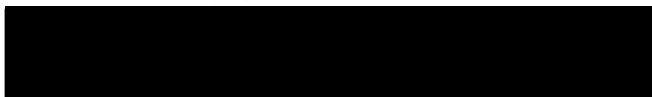
As at 1 December 2025, the department has not received any applications for additional compensation.

Our ref. A2539612

8 December 2025

**Mr David Hazlehurst**  
Chief Executive Officer  
Services Australia

By email:



Dear Mr Hazlehurst *David*

**Final Investigation report into the own motion investigation into the  
Targeted Compliance Framework (Report No. 2)**

Thank you for Services Australia's response of 1 December 2025 to my draft investigation report regarding the Department of Employment and Workplace Relations' (DEWR) and Services Australia's administration and remediation of the unlawful cancellation of participation payments under section 42AF(2) of the *Social Security (Administration) Act 1999* and the role of Employment Service Providers in the process.

I have carefully considered your response which includes general comments and apparent errors of fact identified by Services Australia. Where I have considered it appropriate, I have made minor clarifications to the report.

After carefully considering the agencies' responses, I am satisfied the criteria under sections 15(1) and (2) of the *Ombudsman Act 1976* (Cth) have been established. Accordingly, I make the final report *Fairness in the TCF: when decisions are made beyond your control* (**my report**). A copy of my report is **Attachment A**.

I am pleased Services Australia has accepted, recommendations 1(a), 3, and 4. I note you have not accepted recommendation 6 and have advised you will work closely with DEWR as it considers this recommendation. In relation to recommendation 4, I am concerned with the 12-month timeframe for implementation. Given simply changing

the wording of template letters should not in itself require significant system changes, I strongly encourage Services Australia (and DEWR) to action this recommendation sooner, as it is essential that job seekers receive information that explains the penalty decisions, particularly given the large cohort of job seekers with vulnerability indicators.

I thank you and your staff for your cooperation during the investigation and your engagement with my Office. My staff will follow up to monitor and assess the implementation of my recommendations.

I have also provided a copy of my report to the Minister for Government Services, the Minister and Assistant Minister for Employment and Workplace Relations and the Secretary of DEWR.

As foreshadowed in my letter of 6 November 2025, I have decided to publish a copy of my report with Services Australia's formal response attached to it. I have redacted personal information, where applicable. Publication will be on 9 December 2025.

Please note that until my report is published, it remains **under embargo** and must not be shared without my Office's express permission.

If you would like to speak with me directly, I am available on [REDACTED]. Alternatively, if your staff would like to discuss my report, they may contact [REDACTED] Senior Assistant Ombudsman, on [REDACTED]

Yours sincerely

[REDACTED]

**Iain Anderson**  
**Commonwealth Ombudsman**

**Attachment A** - UNDER EMBARGO Final Report No.2 - *Fairness in the TCF: when decisions are made beyond your control.*

**Attachment B** - UNDER EMBARGO Media release



**Australian Government**

**Services Australia**

Your Ref: A2528116  
Our Ref: EC25-003055

Chief Executive Officer  
David Hazlehurst

Mr Iain Anderson  
Commonwealth Ombudsman  
GPO Box 442  
CANBERRA ACT 2601

Dear Mr Anderson

*Iain*

**Draft Investigation report into the own-motion investigation into the Targeted Compliance Framework (Report No 2)**

Thank you for your letter on 6 November 2025 providing your draft Investigation Report (No.2), *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*.

Services Australia (the Agency) acknowledges all findings and recommendations in this second report on the Targeted Compliance Framework (TCF). The Agency accepts recommendations 1a, 3, and 4. While addressed to both the Agency and the Department of Employment and Workplace Relations (DEWR), recommendation 6 is for DEWR's consideration as they set the policy for suspensions. Recommendations 1(b), 2 and 5 are addressed to DEWR.

Our response to your recommendations, including proposed actions and relevant timeframes, are set out in [Attachment A](#) to this letter. The Agency has also identified errors of fact in your draft report, set out in [Attachment B](#).

The Agency is committed to working with DEWR's TCF Taskforce and the Ombudsman's Office to address the key risks you have identified in your two TCF reports.

Since the publication of your first Draft Investigation report (TCF Report No. 1), the Agency has been working closely with DEWR to:

- develop a legislative drafting placemat clearly demonstrating the roles and responsibilities of DEWR and the Agency
- develop a joint program assurance and risk management framework that is specific to the TCF
- map the TCF system end-to-end, ensuring that there is traceability between legislation, policy, systems and processes across DEWR, providers and the Agency
- compensate customers who suffered detriment because of invalid TCF decisions, and
- make changes to return TCF systems and processes to lawful operation.

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We will update you as our work on Recommendations 1(a), 3 and 4 of TCF Report No. 2 progresses.

The Agency's contact for this matter is [REDACTED]  
[REDACTED] can be contacted via email at  
[REDACTED]

Yours sincerely

[REDACTED]  
David Hazlehurst

| December 2025



Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	<p>Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.</p>	<p>Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.</p>
<p><b>Recommendation 1(a):</b> DEWR and Services Australia should ensure public information regarding the pause of any cancellation decisions made by the Secretary of DEWR is relevant, accurate and up to date.</p>	<p><input checked="" type="checkbox"/> <b>Accepted</b> <input type="checkbox"/> <b>Not accepted</b> If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> Services Australia (the Agency) has reviewed information published on our website to ensure that content pertaining to the pause of cancellation decisions is current.  In consultation with the Department of Employment and Workplace Relations (DEWR), the Agency will review and update the website as decisions are made.  <b>Expected timeframes:</b> Immediate and ongoing <b>Justification for timeframes:</b> N/A</p>
<p><b>Recommendation 2:</b></p>	<p><input type="checkbox"/> <b>Accepted</b> <input type="checkbox"/> <b>Not accepted</b></p>	<p>Recommendation 2 is addressed to DEWR.</p>



Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	<p>Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.</p>	<p>Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.</p>
<p>DEWR establish processes and provide guidance to providers to improve record keeping and ensure accurate and complete information about a job seeker's circumstances (including relevant and historical information) is provided to Services Australia for capability assessments and mutual obligations failure investigations.</p>	<p>If not accepted, please provide reasons:</p>	
<p><b>Recommendation 3:</b> Services Australia should update written correspondence to job seekers about penalty decisions using simple, clear language. Written correspondence should inform the job seeker about:</p>	<p><input checked="" type="checkbox"/> <b>Accepted</b> <input type="checkbox"/> <b>Not accepted</b> If not accepted, please provide reasons:</p>	<p><b>Proposed action:</b> The Agency will review penalty correspondence with a view to provide job seekers a clearer explanation about reasonable excuse and penalty decisions. Additionally, the Agency will consider prominent placement of information regarding review rights.  <b>Expected timeframes:</b> December 2026</p>



Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	<p>Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.</p>	<p>Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.</p>
<p>(a) the reasons for the decision along with an explanation about what constitutes a failure to provide a reasonable excuse</p> <p>(b) why in the job seeker's particular case it was considered they did not meet the requirement</p> <p>(c) their rights of review or appeal and</p> <p>(d) terms of a legal or unfamiliar nature so that the job seeker is best able to understand what these terms mean.</p>		<p><b>Justification for timeframes:</b></p> <p>The proposed change to correspondence is complex and will require careful planning (including legal review of the content of the written correspondence) and changes to the existing agency's IT systems to accommodate the issuing of new and updated letters.</p> <p>Consideration will also need to be given to how the correspondence changes intersect with the work to address recommendation 7 of the first report, which relates to changes to the TCF to address issues with automated decision-making. That recommendation has flow on correspondence impacts.</p>
<p><b>Recommendation 4:</b></p>	<p><input checked="" type="checkbox"/> <b>Accepted</b></p> <p><input type="checkbox"/> <b>Not accepted</b></p>	<p><b>Proposed action:</b></p>



Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	<p>Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.</p>	<p>Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.</p>
<p>DEWR and Services Australia review and update their information and communication to the public and job seekers about the review and complaints processes available to them. Materials should provide clear and transparent information and delineate the roles and responsibilities of the agencies involved.</p>	<p>If not accepted, please provide reasons:</p>	<p>DEWR and the Agency will work together to review and develop clear and consistent information about complaints and review processes that delineates the roles and responsibilities of DEWR and the Agency.</p> <p><b>Expected timeframes:</b> Within first half of 2026</p> <p><b>Justification for timeframes:</b></p> <p>This task will be prioritised to ensure job seekers are able to easily identify the correct channel to submit a complaint or request a review of decision.</p>
<p><b>Recommendation 5:</b></p> <p>DEWR improve the decision-making of providers by:</p>	<p><input type="checkbox"/> <b>Accepted</b></p> <p><input type="checkbox"/> <b>Not accepted</b></p> <p>If not accepted, please provide reasons:</p>	<p>Recommendation 5 is addressed to DEWR.</p>



Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	<p>Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.</p>	<p>Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.</p>
<p>(a) Reviewing data on overturn rates of provider decision-making to develop targeted assurance activities to address inefficiencies and identify opportunities for improvement, whilst establishing feedback loops to ensure providers are receiving information on overturned decisions to further support learning improvement.</p> <p>(b) Implementing further quality assurance by conducting regular reviews to identify and correct trends with individual providers as required.</p>		



<p><b>Recommendation 6:</b></p> <p>DEWR and Services Australia review the automatic process to suspend a job seeker's income support in the Penalty Zone, ideally to provide job seekers with 5 days to reconnect or provide a valid reason for any mutual obligation failure prior to suspension.</p>	<p><input type="checkbox"/> <b>Accepted</b> <input checked="" type="checkbox"/> <b>Not accepted</b></p> <p>If not accepted, please provide reasons:</p> <p>The Agency will work closely with DEWR to assist with their consideration of this recommendation. However, agreement to the recommendation is ultimately a policy matter for DEWR to decide as the responsible policy department and administrator of suspension decision making.</p>	<p><b>Proposed action:</b></p> <p><b>Proposed action:</b> N/A</p> <p><b>Expected timeframes:</b></p> <p><b>Justification for timeframes:</b></p>
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Attachment B - Corrections of errors of fact

Ombudsman Draft Investigation Report TCF No. 2: *Fairness in the Targeted Compliance Framework: when decisions are made beyond your control*

<u>Doc page/ Paragraph/Reference</u>	<u>Original content:</u>	<u>Corrections/Observations</u>
<p>Page 10</p> <p>Who was impacted?</p> <p>Paragraph one</p> <p>Sentence 2 and 3</p>	<p><i>If a job seeker's payment is cancelled, they lose four weeks of income support and will need to make a new application for assistance. Furthermore, there is a 4-week waiting period before payments resume.</i></p>	<p><b>Observation:</b> <i>The loss of four weeks' income support and the 4-week waiting period are one and the same.</i></p> <p><i>Refer to supporting evidence.<sup>1</sup></i></p> <p><b>Correction:</b> <i>If a job seeker's payment is cancelled, they incur a 4-week waiting period before payments resume and will need to make a new application for payment.</i></p>
<p>Page 18</p> <p>Last paragraph</p> <p>Last sentence</p>	<p><i>The diagram on the following page outlines the various decision-makers within the TCF for the Workplace Australia Services Program.</i></p>	<p><b>Correction (typo):</b> <i>The diagram on the following page outlines the various decision-makers within the TCF for the Workforce Australia Services Program.</i></p>

<sup>1</sup> Refer to Section 42AP(5) of the Social Security Administration Act 1999

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<p>Page 34</p> <p>Services Australia's overturn rates of decisions made by providers</p> <p>First and second sentence</p>	<p>Over a 3-month period from 1 July 2024 – 30 September 2024, Services Australia capability assessments overturned 51% of provider decisions.</p> <p>60% of these cases were overturned because the job seeker disclosed new information.</p>	<p><b>Observation:</b> Capability Assessments do not 'overturn' a previous decision made by a provider. Capability Assessments is the process used by the Agency to determine whether a job seeker can meet the requirements in their job plan and identify barriers and vulnerabilities. <sup>2</sup></p> <p><b>Correction:</b> Over a 3-month period from 1 July 2024 – 30 September 2024, Services Australia found that 51% of job seekers were not capable of meeting the requirements in their job plan.</p> <p>60% of job seekers were found to be not capable because the job seeker disclosed new information.</p>
<p>Page 55</p> <p>Reasonable excuse investigations conducted by Services Australia</p> <p>First Paragraph</p>	<p>Once a job seeker is in the Penalty Zone, if their provider decides they have not given a valid reason for not meeting a mutual obligation requirement, the job seeker's payment is automatically suspended while Services Australia investigates whether the job seeker has a reasonable excuse for the mutual obligation failure.</p>	<p><b>Observation:</b> Services Australia does not play a role in assessing 'reasonable excuse' for payment suspensions. Following a suspension, providers assess whether a person had a valid excuse for the mutual obligation failure.<sup>3</sup></p> <p><b>Correction:</b> Once a job seeker is in the Penalty Zone, if they do not meet a mutual obligation requirement their payment is automatically suspended. Generally, the job seeker's payment</p>

<sup>2</sup> Refer to Section 3.11.13.20 of the Social Security Guide

<sup>3</sup> Refer to Section 12.2 of the Workforce Australia Guidelines, Part B: Workforce Australia Services

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		<i>remains suspended until they meet a reconnection requirement or until the provider records a valid reason.</i>
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**General Comments**

While not a “correction” of any errors of fact, we provide the below by way of general comments for the Ombudsman’s consideration:

- The use of the word ‘capable’ in the context that a ‘person is capable’ would be less ambiguous if it was used with the phrase, capable of complying with their employment plan, for example see footnote 28.
- The draft report is necessarily focused on the final stage of the Targeted Compliance Framework, being the ‘unlawful’ cancellation under section 42AF(2) of the Social Security (Administration) Act 1999. The report suggests that the cancellation is the first opportunity the job seeker has to engage with the provider, DEWR or the agency. While not detracting from the draft report’s conclusions, presenting the cancellation within a context of the opportunities (prior to cancellation) where job seekers can engage with providers, DEWR or the agency would provide a more balanced view of the framework.
- The draft report implies but does not address the implication that despite the opportunities a job seeker has to engage with their provider it is not until a payment is cancelled or suspended that there is sufficient information about the job seeker’s circumstances to support a view that the final step (cancellation or suspension) is not warranted.

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